Daily Report

Latin America

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Rio Group Asks RN To Continue Demobilization

PA3105184490 Madrid EFE in Spanish 2338 GMT 29 May 90

[Text] Caracas, 29 May (EFE)—A communique released in Caracas today by the Venezuelan Foreign Ministry stated that the Group of Rio has asked the Nicaraguan contras to comply with the commitments to fully demobilize to consolidate peace and democracy in Nicaragua.

Venezuela is the current temporary secretariat of the Group of Rio, which also consists of Argentina, Brazil, Colombia, Peru, Uruguay, and Mexico.

The communique of the Group of Rio stated that the governments of the member countries share the concern of UN Secretary General Javier Perez de Cuellar regarding the situation of the process to demobilize the Nicaraguan Resistance [RN], a situation that endangers Central American peace and security.

The communique urged the Nicaraguan Government to persevere in its efforts to bring about the disarmament of the contras and the process of national reconciliation, to further consolidate democracy in Nicaragua.

The seven Latin American countries asked all the nations that have influence or interests in the Nicaraguan situation to refrain from undertaking actions that hinder the peaceful and urgent demobilization, which needs to continue in accordance with the agreements signed by both sides.

Bolivia To Submit New Sea-Access Plan to OAS

PY0106125890 Madrid EFE in Spanish 0246 GMT 1 Jun 90

[Text] La Paz, 31 May (EFE) — Today Foreign Minister Carlos Iturralde stressed that Bolivia will not limit itself to bilateral negotiations with Chile regarding a sea outlet. Thus, the minister answered Heraldo Munoz, Chilean ambassador to the OAS, who stated in Santiago that it is a bilateral question and therefore it cannot be dealt with by the OAS. "It is the same as it has always been, Chile's opinion has not changed," Iturralde said, when he commented on Munoz' remarks, which are published today in the Chilean press.

The foreign minister stated that since 1989 the problem of Bolivia's landlocked situation is considered a "permanent topic" in the OAS, and for this reason it will be debated in the OAS' 20th Meeting, which will begin on 4 June in Asuncion. He added that Bolivia will resort to a multilateral, trilateral, or bilateral debate to achieve a solution to the problem of its sea outlet.

Although the foreign minister emphasized that the main reason for the trip of Bolivian President Jaime Paz Zamora and delegation to Asuncion is the celebration of the 100th anniversary of the OAS, it has been officially announced that Bolivia will submit a "new and practical strategy" on the case to the OAS Assembly.

Bolivia lost its access to the Pacific Ocean during the 1879-1883 war that Bolivia and Peru had with Chile, and the last attempt at negotiations failed in 1987 when then Chilean President Augusto Pinochet rejected the proposal of a corridor to the sea in exchange for economic compensation.

Suriname's Shankar Arrives for OAS Meeting

PY0206180090

[Editorial Report] Asuncion Red Nacional de Television in Spanish at 1716 GMT carries live coverage of the arrival of Surinamese President Ramsewak Shankar at Silvio Pettirossi International Airport in Asuncion.

Coverage begins with Paraguayan President Andres Rodriguez and Protocol Office Director Gilberto Caniza Sanchiz approaching the Varig aircraft on which the Surinamese delegation has arrived. At 1720 President Shankar disembarks from the plane and is greeted by his Paraguayan counterpart. Caniza Sanchiz acts as interpreter.

Rodriguez and Shankar are then shown proceeding to nearby cars to be taken to another part of the airport where, the announcer says, the Surinamese president will be received with the appropriate honors.

Coverage then switches to an unspecified section of the airport terminal. At 1722 the national anthems of the two countries are played while a 21-gun salute is heard in the background. The two presidents review formations of Air Force, Presidential Guard, and Navy troops.

At 1728 Shankar is greeted by the president of the Paraguayan Senate and members of the cabinet, with Presidential Secretary Eladio Loizaga acting as interpreter. Members of the Surinamese delegation are shown greeting Rodriguez.

Shankar briefly comments to the television reporter, expressing his happiness at being in Paraguay. Rodriguez says that it is a privilege to welcome Shankar and praises the prospects for strengthening bilateral ties.

At 1734 the presidents get into the vehicle that will, the announcer says, take them to the Excelsior Hotel in downtown Asuncion. The announcer notes that the network will cover the arrivals of all heads of state, and coverage ends at 1737 GMT.

Cuba

Preparations for Possibility of Soviet Oil Cut

PA0306182590 Hamburg DPA in Spanish 1614 GMT 3 Jun 90

[Report by Juan Carlos Salazar]

[Text] Havana, 3 Jun (DPA)—Cuba is preparing for the worst in view of the disaster of socialism among its former allies in East Europe. Cuba fears that the uncertain economic and trade cooperation with the USSR could be cut by its weakest link—petroleum.

Authorities on the island have just announced technical measures to save fuel to deal with the possible suspension or reduction of fuel supplies, which it receives for domestic consumption and for reexport, estimated at 12 million tons per year.

Manuel Aguilera, executive secretary of the National Energy Commission, said that Cuba could save up to 200,000 tons per year by improving the combustion systems in the furnaces and boilers of the 184 enterprises that consume the most fuel.

Even though the recent renewal of the economic and trade agreements between the two countries guarantee the supply of oil, the Cuban Government fears that certain political or economic events could prevent Moscow from fulfilling the agreements, according to diplomatic sources on the island.

The fear has increased over the past few days with the spectacular political ascent of Boris Yeltsin, new chairman of the Russian parliament, who said he is against the USSR giving subsidized natural resources to Third World countries so they can resell them to third countries.

There are no official figures of the amount of resources Cuba allocates for reexport, but Western sources believe that Soviet oil is currently one of the major sources of foreign exchange for the Fidel Castro government.

The government announced in the middle of last week that technical measures would be adopted to save 150,000 tons of fuel per year in the 45 enterprises that consume the most fuel, which include sugar mills, nickel mines, cement factories, and metal-production enterprises.

These enterprises consume five million tons of fuel per year, which represents more than 50 percent of the national consumption, according to estimates by the local media. The savings in the 47 [as received] enterprises would be three percent.

Later, Cuban authorities stated that the measure would include 139 enterprises, each consuming between 1,000 and 10,000 tons of fuel per year. Aguirre [as received] said that strict implementation of the technical measures could represent an additional savings of 41,000 tons per year.

Cuba and the USSR renewed last April several economic and trade cooperation agreements for 1990 for a total amount of 9.2 billion rubles, which ensure that Cuba will get its supply of oil, cereals, machinery, and spare parts; and guarantee that the Soviets will purchase sugar, nickel, citrus products, and medicine, among other goods.

However, diplomatic sources have said that Cuban authorities fear that the growing difficulties faced by the USSR could lead to total or partial interruption of these supplies, as recently occurred with the supply of wheat.

The Cuban Government was forced earlier this year to reduce the ration of bread and to increase the price by 33 percent—for the first time in 31 years of revolutionary government—because of Soviet noncompliance.

President Fidel Castro himself has warned on several occasions of the negative consequences of the events in East Europe on the Cuban economy, and he has called on the population to seek domestic solutions to cope with the new problems.

Angola's Antonio dos Santos Arrives for Talks

FL0206133690 Havana Tele Rebelde Network in Spanish 1100 GMT 2 Jun 90

[Text] Antonio dos Santos Franca, member of the Politburo of the Popular Movement for the Liberation of Angola-Labor Party and vice minister of defense of the People's Republic of Angola, arrived in our capital last night at the head of the Angolan delegation that will attend the eighth meeting of the joint commission on the agreements on southwest Africa. The meeting is also being attended by Venancio da Moura, Angolan deputy foreign minister.

Carlos Aldana, secretary of the Central Committee of the Communist Party of Cuba and chief of the Cuban delegation attending the important meeting, received the Angolan leader. Dos Santos was also welcomed by Brigade General Rolando Kindelan and Angolan Ambassador to Cuba Luis Dokui Pablo de Castro.

The eighth regular meeting of the joint commission will be held from 4 to 5 June in the Palace of Conventions. Namibia will take this opportunity to become a full member of this commission, as agreed upon during the meeting held in Luanda on 5 and 6 March.

Spain To Continue Financing Investment Programs

PA0306143290 Mexico City NOTIMEX in Spanish 1530 GMT 30 May 90

[Text] Mexico City, 30 May (NOTIMEX)—Spanish Ambassador to Mexico Pedro Bermejo stated today that his country will continue to support several Mexican Government economic investment projects during the current year.

The diplomat said that Spain will invest approximately $4 billion in 1990, within an investment, credit, and financing program to continue its economic aid to Mexico.

Bermejo said that $2.5 billion will be given in cash and $1.5 billion in investments, of which $750 million will be granted in soft loans, that is, on a long-term basis and at low interest rates.

He added that a group of Spanish investors are interested in purchasing a package of Mexican Telephones company shares.

This is why, he continued, Spanish businessmen have paid several visits to Mexico to monitor the economic advances of that nation.

Bermejo's diplomatic mission in Mexico will conclude on 1 July, when he will be transferred to Chile to head the embassy there. He will be replaced by Alberto Aza, current Spanish Ambassador to the OAS.

* Salinas Discusses Role of Organized Labor

90CA0045A Mexico City EL DIA in Spanish 2 May 90 p 6

[Text of Labor Day address by President Carlos Salinas de Gortari, Mexico City, 1 May 1990]

[Text] Respected leaders of the Labor Congress:

Today, the workers and their unions have once again celebrated Labor Day with an enthusiastic, well-attended parade that demonstrated the strength, vigor, and cohesiveness of the country's organized labor movement. I congratulate you and all Mexican workers for this show of freedom, strength, respect, and unity.

May Day has traditionally been an opportunity to reiterate the determination of Mexican workers to defend the rights and achievements their movement has won in the country's economic and social life. It also shows their determination to work for Mexico and its future.

Given the political life of the country and in the face of changes occurring in the world and Mexico along with it, I think it is fitting on this occasion to speak of matters relating to the development of your organization and the trade unions, your relations with the government and enterprises, and the role that will continue to be played by the Mexican labor movement in the promotion of economic and social development.

In each of the great transformations that we have experienced in the course of this century, the labor movement has not only participated in decisions but in many cases led them. In others, it has been capable of evolving for the good of the nation and the workers themselves.

Under existing conditions, the labor movement has been a decisive factor in promoting the stabilization of the economy and thus helped prevent inflation from causing even greater harm to the workers and life in our country. Nevertheless, the major economic changes that have occurred, the unfavorable social impact of the crisis we have experienced, and the evolution of political life all create a need to find new ways to strengthen the unions and, under existing circumstances, further their participation in national modernization.

Major Importance of Trade Unionism

First—As is the case in countries facing up to their economic problems, the Mexican economy today is more competitive. It is the best way to support the creation of new jobs and raise standards of living. Some believe that economic modernization can come about without unions or even by substantially weakening them; this is false. Given the conditions that exist in our country, the presence of the organized workers movement will continue to be a decisive key to making economic modernization possible in the main public enterprises, the different branches of production, and increasingly in the area of private enterprise. Under the new conditions, far from reducing the realm of action of trade unionism, it takes on even greater importance.

Second—Trade unionism as it exists cannot prosper in Mexico or any other country in the world based on the strategies of confrontation that existed early in the century. Progress will not be possible following such a path.

In an economy in which everyone competes, where there is competition for jobs and well-being, to reduce the production possibilities of an enterprise is to put an end to possibilities for a sound economy. However, this does not mean that productivity profits from the market should go to only one of the factors of production. They should be distributed fairly.

Third—Formulas of cooperation between the factors of production must be found in which the proper channeling of conflict will be an instrument of economic and social improvement enabling enterprises to achieve their economic objectives and, at the same time, organize solid relations with the workers, improving their welfare through a suitable distribution of the results of productivity.

Strong Alliance

Fourth—The historical alliance of the Mexican Government with the labor movement, the workers of Mexico, is a strong alliance tested in difficult times for the nation. It is also important for the changes that have made it possible to move forward in all areas of national life.

Our alliance has been decisive in strengthening the government and society itself. It is that alliance that has made sustained progress possible on the workers' legitimate demands, demands that have made work a more human, a more dignified process.

The government's alliance with the labor movement has been the driving force of successive efforts for transformation of the country amidst constitutional continuity and the preservation of stability and coexistence among all Mexicans.

The organized workers' movement is also a firm pillar in the process of modernizing Mexico. I recognize its leaders' ability and commitment to the workers. In particular, the country recognizes an exceptional leader who has always been loyal to the workers and, at the same time, loyal to his country.

I therefore wish to express my deepest recognition to my friend Fidel Velazquez Sanchez.

Fifth—The economic and social changes occurring in our country fit into the context of new political conditions.

From the political standpoint, the government is and will continue to be respectful of trade union autonomy. The government will respect the unions' interests and naturally the preferences of each of their workers, but it would not be useful to the country's democratization or the strengthening of the unions to provoke sterile interunion conflicts and disputes over political control of labor organizations.

The escalation of all manner of conflicts in the labor sphere and the predominance of open confrontation hurt the workers more than anyone else because it damages their source of work.

The basis for strengthening the trade union movement, reconciling conflicts, and gradually finding areas in which benefits may be given to the workers is naturally everyone's respect for the law.

Sixth—A large part of the workers' lives is in the factory, but increasingly in the community as well. Whence the need to promote the social and cultural action of workers' organizations and help strengthen the many ties created between civil society and the government.

Seventh—The strengthening of trade union life necessarily depends on closer relations, not only in the enterprises, but also in the departments and areas of production of each enterprise. This requires an effort to improve labor relations, both for businessmen as well as unions. This is a matter of extreme importance that deserves to be among the top priorities of enterprises and trade unions.

Eighth—The country needs a worker-enterprise relationship that works in the desired direction. Workers need a clear understanding and willingness to improve productivity, reduce costs, and help win markets inside and outside the country in the face of new and experienced competitors. Businessmen must create an atmosphere of motivation and communication that grants incentives and promotes and rewards workers' efforts.

Enterprises in the 1990's must offer participation in which there are suitable channels for dialogue and in which blue- and white-collar workers are informed of new problems relating to competition in the world and the progress of our economy and the enterprises themselves.

Mexican enterprises in the 1990's must make big investments in training and in the understanding that their human capital is as important or more important than physical capital or technology.

Workers also have the right and obligation to obtain training because no investment is more productive than investment in oneself.

Livestock Enterprises

Mexican livestock enterprises in the 1990's must be a solid team in which shareholders, officials, white- and blue-collar workers work together to achieve common objectives.

This new spirit of work and cooperation must also reach public enterprises, which must be efficient and competitive in terms of cost, quality, and services.

To the officials, my friends:

Our country, society, and economy now require strong unions with the capacity for dialogue at all levels and sufficient flexibility and responsibility to take advantage of new margins and forms of negotiation proposed, involving modernization of the living and working conditions of those they represent.

The strength of the unions lies in being a synthesis of the will of the workers and their basic structures for communication with the enterprise, the government and, naturally, among themselves.

Dialogue among labor leaders concerning modernization can be enriched through the creation of a new center of studies on unions and modernization in Mexico and the world.

The government will support the creation of this new center of studies and its operation.

I am confident that the workers movement will modernize its organizations through the law and the institutions with which the Mexican Revolution has provided them for the purpose of defending their interests, the interests of the workers, but first and foremost, the sovereign interests of our country.

Long live the workers of Mexico! Long live Mexico, comrades!

Costa Rica

Government Announces New Economic Package

PA0106155790 Mexico City NOTIMEX in Spanish 2037 GMT 31 May 90

[Text] San Jose, 31 May (NOTIMEX)—The Costa Rican Government announced today an increase in fuel prices and public service fees of up to 43 percent, drastic cuts in government spending, and a higher consumption tax.

The economic cabinet held a news conference today to explain the scope of the economic plan announced by President Rafael Angel Calderon Fournier. The president plans to reduce the huge fiscal deficit by $224 million.

The economic package, which will go into effect in the next 18 months, includes: an increase in the prices of staples, an increase in the exchange-rate gap, higher tariffs and withholdings in the business sector, and a 25- to 30-percent reduction in government spending.

The scope of the economic stabilization plan will be explained in detail next Tuesday [5 June] to an IMF mission so a letter of intent can be signed with the IMF to establish an annual agreement incorporating favorable conditions, Finance Minister Thelmo Vargas said.

Central Bank President Jorge Guardia admitted that the measures will have a strong impact on this year's inflation, and it will be difficult for the population to accept them. However, they "are necessary to achieve economic stability and sustained growth." Guardia pointed out that if the current adjustment is not made, the government's fiscal deficit will increase to $600 million in 1991, and "the economic and social consequences of maintaining the imbalance would be worse."

The current deficit is $344 million, which is equivalent to 6.5 percent of the GNP. Costa Rica's cabinet said its objective will be to reduce the deficit to 4.5 percent by the end of 1990 and to bring it down to between 1 and 2 percent in 1991.

Among the measures announced just 22 days after the Social Christian government took office in this country are:

—An austerity plan that entails a reduction in government spending in order to save $78 million in the current year.

—A decentralization of public enterprises and a reduction in bureaucracy. Fifty percent of the vacant jobs will not be filled, and government employees will be transferred to the private sector.

—A reform of the tax system to increase the collection of taxes. Tax exemptions on staples will be eliminated. Tax on consumption will increase from 10 to 13 percent.

—A 30- to 65-percent increase in taxes for professionals, as well as for workers and retirees, depending on their annual income.

The price of fuel will increase 30 percent, and there will be an additional hike of 13 percent in taxes. There will be a 20-percent increase in power, telephone, and water fees.

The exchange rate gap for the transaction of currencies will be doubled as an emergency measure to fight the Central Bank deficit and to reduce the issuance of money.

With this measure, a dollar will be purchased at 89.95 colones and sold at 91.75 colones. The Central Bank said it would maintain its policy on periodic devaluations.

The cabinet announced a series of programs for "social compensation and food aid for lower income groups" in an attempt to reduce the cost of the economic plan.

El Salvador

Cristiani Speech at Assembly on 1st Year in Office

PA0106204290 San Salvador Domestic Service in Spanish 1624 GMT 1 Jun 90

[Speech by President Alfredo Cristiani at the Legislative Assembly in San Salvador—live]

[Text] Mr. President of the Honorable Legislative Assembly, Messrs. Deputies, Mr. Chief Justice of the Honorable Supreme Court, Messrs. Justices, Your Excellencies Messrs. Ambassadors, and Honorable Chiefs of diplomatic missions accredited in the country, Members of the State Cabinet, Members of the Armed Forces High Command, Your Excellencies and Reverend Bishops of El Salvador, Salvadoran people:

On this day, 1 June, I have come to this august Legislative Assembly to render an account of my first year in office to the Salvadoran people's representatives, as our Magna Carta instructs me to do. This mandate is a duty and an honor for me, because I am fully convinced that to serve the people and keep watch over their future is the highest distinction to which a Salvadoran citizen can aspire.

I have come to the Legislative Assembly's house with humility and respect, because it is here that we find our best expression of political pluralism, which is the foundation of our democratic and representative regime. As a citizen, I feel proud that pluralism of thoughts and ideas is increasingly respected and dynamic in El Salvador and will eventually make the society that we dream of and work for a reality in: an open, democratic, and pluralist society where no Salvadoran is deprived of legitimate opportunities to gain his spiritual and material development, and where no Salvadoran can evade his personal and collective responsibilities as a member of a national community governed only by the supreme authority of the law.

The pluralism that prevails in this Assembly is proof of political maturity, and it enhances the wisdom of the important decisions that are made here in accordance with the demands of our reality and of our people's

profound traditions. Parliament, which is a long-standing tradition among people of the most deeply rooted political culture, allows debate to lead to understanding, and understanding to be stated in balanced laws. The meritorious work that all of the members of this assembly have done in favor of increasing parliament's openness moves me to express my most sincere acknowledgement on this solemn occasion.

Of course, the leading role in the democratic process we are determined to carry out has been played by the noble, stoic, and brave Salvadoran people, without whose understanding and wisdom we would have accomplished very little. When I speak of the Salvadoran people, I am referring to every sector, excluding no one. After 10 years of suffering and stoicism, there is another dimension to being a Salvadoran: the greatness of a joint effort to defend freedom as an idea, to preserve freedom as a patriotic force, and to irrevocably promote freedom as the country's future.

The people are the repositories of freedom, and the function of the people's legitimate leaders is to be the creative guardians of these sacred repositories. We are not alone in this decisive task of rescuing the nation. Friendly people and governments are with us, offering us support in this great, permanent crusade for freedom and justice and for development with democracy.

I thus extend a very effusive greeting to their excellencies the representatives of friendly governments who have offered us and, I am sure, will continue offering us their adherence and support in our quest for pacification for development.

From my first moment in office, I stated before the nation and the world that the untiring search for peace through political understanding would be our foremost goal and our fundamental activity.

From 1 June 1989 I have called for dialogue as the only civilized means of achieving peace. I rejected, because of my religious, ethical, and political convictions, any form of peace that could in any way be identified with death. I believe that with their sacrifice the Salvadoran people have abundantly earned a definitive and creative peace, in which absolutely all Salvadorans, will have a place and a mission. I reject any form of exclusion or discrimination. Our only limit is the law, because I believe that only on the day when all Salvadorans accept, without excuses or prejudices, the peaceful framework of legality, will we in reality be turning peace into an irreversible expression of life.

On 1 June 1989 we submitted to the FMLN [Farbundo Marti National Liberation Front] a plan for a serious, substantive, confidential, and permanent dialogue to attain peace as soon as possible. We wanted to overcome the stage of improvisation and the lack of continuity. We felt and still feel today that the search for peace constitutes hard work; therefore, we must be orderly and persevere. The history of the negotiating process this year has been a history of complicated battles against constant misunderstanding, dilatory tactics, and outbursts of indiscriminate violence. It has also been a history of tiresome efforts to return to the path of constructive understanding.

We have not let up for a single day in this battle and have not lost heart for a single minute, because we are self-assured about our political intervention and our historical responsibility. It was extremely difficult to get the government and FMLN commissions to sit down together for the first time in Mexico on 13 September 1989. It was even harder to get them to return to the table on 16 May. During this time, we were able to count on the understanding assistance of the political parties, the Catholic Church, the OAS, and especially the United Nations.

In a different yet decisive manner, the Central American presidents also made a valuable contribution in Tela, San Isidro de Coronado, and Montelimar to the peace-making efforts in our country. Without all this support, we would not be where we are now—that is, in the final stage of the search for peace within the clear and specific framework of the Geneva agreement. We now have a definite agenda and timetable and a speedy process under the sponsorship of UN Secretary General Javier Perez de Cuellar.

As we said at the UN General Assembly in October 1989, we continue to believe—for even greater domestic and international reasons now—that there is no longer any reason for violence to exist in our country. Intimidation is an inhuman method that is legitimately rejected by the people, and it is time for us Salvadorans to devote our full energies to the country's reconstruction. Armed conflict no longer has any future in El Salvador. I said this when I assumed the presidency a year ago, and I repeat it today; I am interpreting the most profound feelings of the Salvadoran people.

Never have we worked so much and so persistently for peace as we did during the year that has just ended. We have overcome enormous and bloody provocations intended to plunge us into the irrational world of violence. However, in the face of each provocation, we kept our people's need for peace foremost in our minds. We have complied with our duty to preserve public order and the citizens' security within the framework of the laws. God has given us the strength not to fall prey to violent provocations, and we ask Him to continue giving us the strength to work for peace and not for war. For society to reach a definitive reconciliation, there must be serious and realistic negotiation within the framework of the laws and democracy.

The work that follows is so complex and difficult that we cannot afford the luxury of wasting much time to reach the final peace agreement. This process must be a speedy one in order for us to move soon into the stage of total reconstruction, which will open the door to a future society in which all differences may be settled in peace and harmony.

The government of the Republic and the Armed Forces—whose institutional professionalism and sacrifices deserve our most sincere recognition—are bent on strengthening democracy through actions that will guarantee it and a behavior that will make it increasingly effective. We are all undergoing a process of change because democracy is essentially dynamic. We are not afraid of change because our way of thinking is modern and free. When there is freedom, democracy, and patriotism, society evolves and adapts to the times. We are looking ahead at the future of El Salvador, and that is why we are so seriously bent on solving the current political, social, and economic problems with absolute realism.

We cannot deceive the people by concealing reality. Demagoguery is the worst sin against the fatherland. We are obliged to apply truth to everything we do because our responsibility is geared for both the future and the immediate present. No thing or person can make us stop advocating peace. We are bent on moving along the path toward total pacification. The only price we will never be able to pay is that of endangering our democratic institutions, because that would mean betraying the mandate and sacrifice of our people, to whom we are indebted and whom we serve.

One of the biggest concerns of our government during its first year has been the educational problem. It is an integral problem that lies at the root of any serious program of national reconstrution and which doubtless is intimately connected to the establishment of a definitive and lasting peace in our fatherland.

The data we have on the student population and the dropout rate are causes for alarm. Because of the prolonged armed conflict and lack of modern and systematic educational planning, our country has suffered a grave setback in the field of education. We have to turn this situation around soon if we are to have real and consistent development.

We know that the current budget is insufficient to satisfy all the needs at the various educational levels. We are prepared to increase this budget in the next few years. We have allocated human and financial resources. We are now working on specific problems, such as the inadequate geographic distribution of resources, the disorderly and disproportionate distribution of resources at various educational levels, and endemic problems derived from a centralized education system.

We know that an effective education must begin with the modernization of the education laws. The general education bill is about to be approved. We will also present a draft on higher education to the legislature. The work carried out in this regard has been serious, responsible, and complex, and the period of peaceful stability that lies ahead was kept in mind.

Since we know that these are most important laws, we are open to suggestions from people interested in effectively improving national education. We firmly believe that education is the basis of social life and progress. We also believe that education is the basis of peace and the best tool of democracy. This is why we want the educational system to include the positive values of our nation and to serve as a critical tool that would guarantee a healthy evolution of Salvadoran society. We are working on this and we will continue working on it until our last day in office.

We want an educational system that will promote human rights and respect for the law, that will make known the social framework of liberty, and that will serve the Salvadorans as an effective tool for knowing its true situation and the world.

We want an educational system based on our own roots, but, at the same time, which also comprises the universal knowledge that the times demand.

The bills we have presented to this honorable assembly are based on these principles and goals.

Regarding the teachers, we have maintained an attitude of sincere respect, with no ideological discrimination. After one year in government, we reiterate that we are convinced that no educational plan can function without the support and understanding of the teachers.

This is why we are working on improving the Salvadoran teachers' scientific preparation, economic well-being, and their associations. The objective of giving thorough attention to the unselfish Salvadoran teachers is basic to the educational renewal we have initiated.

When we took office, we found that the Salvadoran economy had sunk into a deep crisis because of the armed conflict; closed-minded economic policies; and an arbitrary, all-controlling, and interventionist state.

Economic activities were semiparalyzed, the agricultural sector was stagnant, commerce had been weakened by contraband, the financial system was bankrupt, with 40 percent of its bills overdue, and exports were half of what they were 10 years ago and amounted to only 50 percent of imports. The nation had no foreign reserves and almost everything that was imported during the first half of the year had to be paid for in the second half. The nation had approximately $165 million in overdue foreign debts. The government had a deficit of 1.5 billion colones and owed approximately 1.2 billion colones in legal debts. The government had a debt of 3.930 billion colones with the Central Reserves Bank. Its debt with the commercial banks equaled 580 million colones, for a total of 4.510 billion.

A consequence of these serious problems is that there was a lack of trust in the productive sector and because of this, sources of employment decreased. As a result, more than 50 percent of the economically active population became unemployed or underemployed, inflation raged above the 175 percent mark during the five years that ended in May of last year, and real salaries were at

the level that existed 25 years ago. This produced frustration among the Salvadoran people, and the standard of living suffered a dramatic drop.

At the international level, a lack of adequate economic policies and overdue accounts made El Salvador lose its status as an eligible creditor nation.

Economically speaking, the decade that has just concluded was a lost decade for us, because during the first five years of that decade, we consumed the savings that we had produced over the years, and during the last five years, we wasted much of the foreign aid that was received as well as the resources sent by relatives because we consumed and spent instead of investing, as if our resources were unlimited and without end.

On the first day of our administration, I pledged to confront the crisis in a resolute and serious manner, without demagoguery or improvisation. This first year has been difficult because the short-term measures needed to correct the situation have been like a bitter but inevitable medicine. Even though we all have felt the aftershocks of stabilizing prices, some do not realize, either because of political interests or a lack of economic understanding, the importance of undertaking measures to gradually ease the crisis. It is difficult to imagine what would have happened had those policies that started the crisis continued.

However, it is enough to see what is happening in other countries to realize that not taking measures can harm the people even more. For this reason, we are convinced that even though the people are unable to technically analyze the economic situation, they understand generally the urgent need to streamline the economy and to remain calm during these short-term measures.

I can cite as one of the leading measures adopted under the short-term economic program the reforms to the tax system, which were intended to increase tax collections, eliminate irregularities, and help improve tax administration. In fact, we have eliminated the taxes on sugar and shrimp exports, as well as many taxes whose collection was costly and complicated. We reduced the tax on coffee and reformed the inheritance and income taxes. Regarding this last tax, the scale was modified to exempt those who earn between 1,000 and 1,500 colones from paying it. This is an additional effort to benefit workers at the lower income levels and to ease the impact of the stabilization and adjustment policies on them.

At the same time, fiscal privileges were suspended because it is the obligation of all Salvadorans to contribute, by paying taxes, to public activities.

With regard to expenditures, since last year our administration has handled public funds with great austerity. We have obtained significant results so far this year. In addition, we have alloted a greater part of the budget to social investments and less to other activities of lesser importance. The elimination of the Culture and Communications Ministry, the Foreign Trade Ministry, the Education Vice Ministry, and the Rural Development Vice Ministry at the Agricultural and Livestock Ministries are clear examples of austerity and rationalization of expenses. Transferring the administration of institutions such as the Salvadoran Institute for Coffee Research and the National Agriculture School to the private sector, and the unification of the direct and indirect taxation directorate under the Finance Ministry, are other examples.

Another matter that has deserved the attention of our government is corruption, which has caused so much harm to Salvadoran society. Honoring our commitment, we are waging a battle against this scourge, which had infiltrated the state apparatus. Our struggle against corruption will not cease until it has been uprooted from national life and until the people's property and funds are managed honestly. The government will continue its efforts to make honesty the government standard. Therefore, we repeat that those individuals, no matter who they might be, who resort to corruption will find no friends in our government.

When we assumed power, the foreign sector showed great imbalances. The Central Reserve Bank had no foreign exchange, overdue foreign debts exceeded $170 million, and we were exporting less than half the exports than we were 10 years ago. Fully aware that the only one way to change this situation was to boost exports, the measures we adopted included releasing restrictions on the price of the dollar and eliminating conditions that discouraged exports. As a result of those measures, by May of this year, we had reached a level of international reserves that exceeded, by $111 million, the levels existing in June of the previous year. Also, exports of nontraditional products exceeded the first quarter of the previous year by $14 million. This means there was an 85-percent increase in relation to the first quarter of the past year. Through a unified and realistic exchange policy, in addition to improving our balance of payments and paying late payments on foreign debts, we have been able to provide stability to the exchange market, as you have seen in the past few weeks.

To improve the capability of the financial system to get deposits and basically to improve the lot of thousands of Salvadorans who were suffering a real loss in their savings, we raised interest rates between two and four points. In addition, we redefined and simplified special lines of credits at the Central Reserve Bank and provided support to commercial banks to face temporary liquidity problems. To reduce inflationary pressure, the Central Reserve Bank will grant no new credits to the central government in 1990. To improve efficiency and the allocation of resources, we lifted price controls on 230 products and annulled regulations that hindered the fixation of prices.

In addition, we adjusted the energy and water rates to avoid the generalized subsidies and the resulting economic confusion. We were forced to adjust the drinking-water rate because of an agreement made by the previous

government. Such an increase, however, took into consideration the minimum consumption. Thus, we avoided affecting the lower-income citizens. Our government has again and again appealed to the various sectors of entrepreneurs to react patriotically and with a sense of solidarity in the face of the reorganization program. To great extent we have received a positive response. Nevertheless, we want to reiterate this call once more so no one will speculate on prices because this would harm not only the population, but also the democratic process. All of us Salvadorans, regardless of the sector we belong to, should understand that the reorganization and stabilization measures are essential if we are to have development, which guarantees lasting peace.

In this regard, the rapprochement with the private sector has played an important role, particularly in coordinating measures involving those products that require special attention because they are staples. In the case of medicines, it was agreed to stabilize and lower import prices by between 12 and 20 percent. In the case of local products, a basic medicine chart is being worked out to lower their prices substantially.

As a result of these short-term economic policies, we expect two-percent economic growth in 1990, more than twice the percentage reached in 1989. Consumer prices have continued to increase, not only because of the combined effect of freeing them and the fiscal deficit carried over, along with the government's high indebtedness to the Central Reserve Bank, but also as a result of the speculation caused by the violent November 1989 offensive. With the stabilization policies, however, we expect increases in the rates of these prices to be reduced from 23 percent in 1989 to around 16 percent annually late this year. Inflation is a sort of invisible and unfair tax that affects the most needy sectors of our people. For this reason, the government is implementing all necessary measures to substantially lower inflation on a short-term basis. Although this year has been one of the hardest, as a result of the November offensive, the drop in coffee prices on the international market, a foreign aid cut, and because of geopolitical priorities, the first positive signs are beginning to be observed. The U.S. dollar exchange rate has stabilized and the inflation rate has decreased since April. The short-term indicators show a significant increase in the economic activities, following the lead of the manufacturing, agricultural, and livestock industries. The latter sector shows larger areas planted with sugarcane, better-yielding coffee plantations, and greater use of fertilizers. All signs seem to indicate that the area planted with cotton and other nontraditional products will increase.

As an indication of the policies and measures adopted in the context of the economic and social development plan, the government has received firm support from institutions like the World Bank, the Inter-American Development Bank, the United Nations, the International Agency for Development, and other friendly organizations and countries. In addition, we have successfully renegotiated a sizable share of our foreign debt with our creditors. El Salvador has recovered its credibility. This is a sign of the international recognition we have received a result of our government's sincere effort to rescue the country from the serious economic and social crisis handed down to us and to move the country toward development.

Our country has survived thanks to the aid received from friendly countries. We are deeply grateful for this aid. Nevertheless, relying on aid runs contrary to a deeply rooted tradition in our country, which has historically, legitimately, and very constructively felt proud for depending first of all on its own creative and productive effort. Because of this, we must make an effort to begin reducing our great degree of dependency on foreign aid. Our policy seeks to recover, strengthen, broaden, and diversify our production basis, create favorable conditions to encourage local and foreign investment, and foster and facilitate foreign trade. Ironically, we realize that to achieve this, we need special short-term financial support from international institutions and friendly countries. We are making good headway in this direction.

To complement this short-term plan, we are developing a process of economic reorientation to change the structures and establish a system of a social market economy. In order to channel that process of changes, we have defined important areas of action:

Financial Policy: This policy is aimed at modernizing and strengthening the mechanisms and instruments of action to conduct the economic policy within the framework of a social market economy.

As part of the monetary policy, the law creating exchange houses was approved to have a more fluid foreign exchange market, hence contributing to the stabilization of foreign exchange rates and encouragement of international trade.

In the area of taxes we have already implemented overall changes aimed at establishing a tax system without irregularities, which will facilitate economic development and prevent superficial improvements.

In the area of revenues, we are introducing changes to guarantee more efficiency in public expenditures, giving priority to social programs.

Institutional and Legal Reforms: This is a field of primary importance in transforming the economic system. Our government has already initiated a program to privatize the financial system, which will be transformed into a channel of resources to support our country's economic and social development. Within that process, workers and small investors will be given the first opportunity to buy, in order to ensure that the privatization process is conducted within a modern democratic concept.

Regarding the agrarian reform, the process has been strengthened by expediting the delivery of land deeds to the beneficiaries within the framework of Decree 207. In

just one year, we have delivered 13,600 land deeds, compared to 26,560 titles delivered by the previous administration in five years. These facts fully confirm what we have always said: The agrarian reform process is irreversible, and we are working to consolidate it.

Another important aspect is that the government respects the peasants' right to chose what type of property they want during the first phase of the agrarian reform process. The main obligation our government acquired when it assumed power was to work to improve the living standard of all Salvadorans. Under the concept of a social market economy, raising the standard of living of all Salvadorans constitutes the main goal.

At the beginning of our presidential term we said that only underprivileged groups under our government would be the poorest among the poorest, in other words, those who do not even have access to adequate nourishment. They represent approximately one-third of the total Salvadoran population and do not have access to the basic goods and services necessary to lead dignified lives.

Our government is aware of the complexity and seriousness of the poverty that afflicts a great number of Salvadorans. In accordance with our concept of development, which is based on attaining material and spiritual well-being for the entire population, we have implemented a development strategy. That stragegy's main objective is achieving sustained economic growth on the one hand, and on the other hand, satisfying the basic needs of the poverty-stricken population through direct state financing of goods and services.

The plan to meet the basic needs of the poorest groups was initiated during the first year and has two parts: The first one is a short-term plan to protect those groups from the effects of the economic stabilization measures, and the second one is a long-term plan that seeks to restructure the various services that society receives from the state.

The government, aware that in its initial phase any process for stabilizing and reorienting the economy has a high social cost, has established a compensatory social plan for the most needy, creating more job opportunities through which they can to earn a living. These people will work on constructing basic facilities for the community; such as the construction of access roads, potable water, sewer systems, schools, bridges, and other needs the community deems as priorities.

Between June and December 1989, through social compensatory plans implemented by the National Commission for Reconstruction, approximately 1,000 projects were developed at a cost of 120 million colones.

In addition, by the end of 1990, we hope to have implemented compensatory projects with an estimated cost of 384 million colones, which will enable us to meet the aforementioned needs, as well as implementing health, nutritional, and educational programs, among others, for the most needy groups.

In addition, it is important to point out that the government, aware of the impact of the stabilization programs, has decided to increase the minimum salary to help workers with less income. This compensatory move by the government was intended to help the agricultural, industrial, construction, and service workers in the urban and rural areas. The workers will receive 15- to 18-percent salary hikes.

In the interim, we can satisfactorily report that after this first year, we have made significant achievements in the priority areas. In the health field, we have expanded the network of clinics and heath centers in order to channel public spending toward the underprivileged. We have launched nationwide vaccination programs that have benefited approximately 230,000 people, ranging from four-year-old children to pregnant mothers. In addition, we have begun the decentralization program that is intended to increase the efficiency of the health services.

In the field of education, we have launched the "All the Way Literacy Campaign," which is designed to continue the education of students, in addition to teaching them to read and write. We have restored 685 classrooms in urban and rural areas. We have provided supplies for schools and lunches for school children, especially those in rural areas. Moreover, we have trained personnel to supervise and monitor the quality of the education.

In the housing field, we have launched the "New Dawn" project, totaling 10.6 million colones in its initial phase, to build housing units for hundreds of poor families.

Regarding basic services, we have built seven water works and two sewage systems, whose costs totaled 12 million colones, which have benefited 127,700 people. In addition, we have begun to build two water works and one sewage system, whose cost will total 9 million colones, which will benefit 52,300 people. We have also promoted the "Rio Lempa" project, which will cost 1 billion colones, and beginning in 1992 will benefit over 1 million residents of the San Salvador metropolitan area.

On the other hand, we are carrying out construction and restoration operations to improve the national highway system. This activity has a double impact: It benefits a large number of workers by creating job opportunities, and it improves the national highway system, fostering national development.

The government is aware that there is much left to be done in such areas as health, nutrition, education, housing, and providing basic services and social security. The traditional ways to meet these needs have yielded poor results. Thus, the government is devising serious measures to correct these problems in the short term. When we took over the government, we said that we could not imagine education without health, health without food, food without employment, and employment without security. We reiterate our position on this and believe that a complete solution is required for the serious social problems of our people, although it is

important to understand that the government cannot resolve these problems overnight, especially not if it is working alone.

The eradication of poverty is a gradual process and it requires everybody's participation. This process has been undertaken in the past by the poor people, who should be struggling to move forward. This is a task that should be undertaken by all of the productive areas in their different forms and manifestations.

This task is for everyone, all enterprises, and communities. It is also an inevitable task of the state, which must subsidize those activities where the private sector cannot participate or the activities call for the direct involvement of the state.

It is always important to remember that as brothers and Christians we must be in solidarity with the poor, but they must also help themselves by exercising and recognizing their rights within the framework of the law with all the resources on hand.

We feel that it is the responsibility of the state to guide society toward a better condition. This calls for us to apply new methods, means, and instruments for confronting the serious social problems.

To cope with the social problems specifically resulting from the marked disintegration of families, we have created the National Secretariat of the Family. Its function is to serve as a liaison between the presidency of the republic and private and government institutions in order to coordinate, plan, and evaluate the various problems to help children, adolescents, women, and senior citizens, as well as the various community programs.

This secretariat is performing an important task for the benefit of many Salvadorans who are urgently demanding the government's attention.

This is an opportune time to point out that very shortly we will be preparing a fund for social investment that will break with the traditional schemes of social assistance-type help. The idea of the new system is to develop a concept of productive assistance that will promote the people's productive activities and the business activities of the small and very small producers, while meeting priority social needs. With this we seek to integrate gradually the less-protected workers and communities to the economic development process and give them better conditions. In this manner, they will be given a way to permanently earn their family's living, instead of automatically asking for assistance.

With the help of the Inter-American Development Bank, this fund expects to have initial capital of over 200 million colones. We are striving hard to thoroughly reorganize all institutions that have been responsible for social services in order to make them more efficient. We also feel that public expenditures should be directed toward a priority investment in human capital, in view of the fact we are fully convinced that the greatest wealth of our country lies with its noble and hard-working people. Our commitment for 1990-91 in this field is to establish the legal, institutional, administrative, technical, and financial bases for achieving constant social development over the medium and long term.

In the field of labor, this year has been noted for promising stability. We have tried to promote rapprochement and understanding among the entrepreneurs and the workers. We feel it is very natural that each sector has its own interests and that those interests be defended in a legal and peaceful manner. However, we are also deeply convinced that there is a time in which it is necessary to carry out great efforts to achieve patriotic agreements.

The current crisis calls for these agreements among all productive sectors, and we believe the time when these will be achieved is near. We respect workers and entrepreneurs alike. However, we feel particularly motivated to do everything we can to humanize production relations for the benefit of those who contribute their labor. We also strive for peace in the labor sector, based on the just improvement of workers and the legitimate security of the enterprises.

As for the institutional activities of the Armed Forces in carrying out their responsibilities, and, above all, in the defense of the democracy and freedom of the Salvadoran people, we must admit that they have complied with their constitutional duties—that is, they have remained apolitical and obedient. As part of the government, the Armed Forces have effectively replied to our policy of pacification as it fully applies to the feelings of the Salvadoran people.

We have said that in the war that is about to end and the peace that is to be announced, that our Armed Forces have been and will continue to be the guarantor of national order and stability, within the strict framework of the law. Therefore, in our capacity as commanders of the Armed Forces, we are engaged in continuing to improve the professionalism of the forces, not only in the technical aspect, but also and basically in the evolution of its role within a fully democratic society.

We will continue working until we have eradicated arrogant, aribitrary, and immoral attitudes that may arise within the ranks of the Armed Forces. This is a challenge that we must not and we do not want to evade. As we have already pointed out, within this framework of institutional professionalism of the Armed Forces, we are also acting with the severity of the laws against those individuals who are criminal offenders. Those who are charged with crimes are turned over to the corresponding judiciary authorities. We are happy to say that we are pleased with the work of the Armed Forces for the service of our beloved fatherland.

Once the conflict ends, we would like the institution to project into our great objective, which is to maintain peace in freedom for all Salvadorans.

In the field of international relations, we avail ourselves of this opportunity to report that during the first year of government, we have carried out intense activities. Our foreign policy has sought through diplomatic channels to strengthen the relations between our country and the international community. Our philosophy has always been that of speaking frankly and clearly on various aspects that make up the national problems. Our language has been objective, based on the reality of the facts. Our personal contacts with the rulers of friendly countries have been an effective means for obtaining important support for our government efforts.

During this year, we have visited in their respective countries the presidents of Central America, the United States of America, Italy, China [as heard], and Venezuela; the prime minister of the United Kingdom, and His Holiness John Paul II, as well as the UN secretary general. Next week, we will visit the president of Mexico.

At the great world forum, we have respectfully asked the international community not to stereotype us, but to judge us for our attitudes and actions. We want peace, liberty, and justice for our long-suffering fatherland, but without ever having to renounce to any of the basic liberties that ensure the survival of a representative and pluralist democracy.

We do not seek to exclude anyone or discriminate against anyone for his political ideas, but we do vigorously ask that we be trusted to be able to show first to the people and then to the world that we are rulers of peace, work, and service.

The backbone of our foreign policy is our relations with our Central American brothers. We are pleased to report that since the beginning of our government there has been permanent contact with Central American presidents that has allowed us to participate in in-depth discussions of regional problems within the spirit of the Esquipulas II agreements and subsequent declarations.

At various summits, we, the presidents, have focused our attention on the search for solutions to the armed conflict via peaceful and democratic procedures. We want to take advantage of this opportunity to recognize the Central American presidents for their efforts and dedication to pursue the aspirations of peace, liberty, and progress of our people, who undoubtedly deserve a better fate.

Unity is part of the great historic challenge for Central Americans at this time of universal integration. Convinced of the need to unite, we will make specific proposals regarding organizational mechanisms leading to Central American unity in upcoming presidential meetings.

Salvadoran brothers: We wish to dedicate the final portion of our message to the nation to make an ardent call to all Salvadorans, without distinction of political ideology and economic or social position, to make 1990 the year of peace; to work together while leaving aside quarrels and hatred to achieve that noble objective.

The circumstances have allowed us to be protagonists of the greatest episode of our history: the conquest of peace. The time has come to sacrifice personal, sectorial, or partisan positions for the fatherland's sake. The time has come to broaden the path to democracy and a serene and civilized dialogue to find solutions to serious national problems.

Our fatherland needs each one of us to place our talents and abilities to work for the construction of a more just and humane society for our children at its disposal; for a society in which law reigns and impunity and arbitrariness are outlawed, and in which the equality of all Salvadorans is not simply a beautiful constitutional rule.

There is a patriotic need to make sacrifices now to open new horizons to progress and the well-being of Salvadorans in general. Now more than ever, we must resort to the spiritual, civic, and moral strength that our forefathers had when they bequeathed to us a free, sovereign, and independent nation.

Our strength lies in the unsubmissive soul of our people and their untiring spirit to continue struggling. We must face the crisis with this kind of determination. We cannot fold our arms and wait for miracles; we cannot allow pessimism to weaken our ability to act. If obstacles are big, our will to overcome them must be even bigger. We must never allow disappointment and distrust to prevent us from moving forward in building our democracy.

When an entire people stand up to reach their objectives, there is no force that can stop them. World history confirms this. Many nations that suffered the destructive scourge of war emerged from their ashes to achieve greater prosperity than before. We are moving forward with the help of the almighty God and our people's efforts.

We have enough civic, moral, and spiritual reserves to take on our fatherland's reconstruction, achieve and strengthen peace, and consolidate democracy and promote our country's economic and social development. This is the great task of all Salvadorans. With this in mind, and to give a proper framework to the great peace-seeking efforts, to which all segments of our society are committed, we want to proclaim the year beginning on 1 June 1990 and ending on 1 June 1991 as the year of peace in honor of the people who want and deserve it so much.

Before this illustrious presentation to the people, we commit ourselves to making all the necessary efforts to ensure there will be peace in our fatherland as soon as possible. As we find ourselves within an irreversible process of political understanding with all forces in the country, even those who are waging an armed opposition, we ask the people to have faith and hope that the Supreme Creator will give us the supreme gift of peace. God bless you all. [applause]

Demand for Cristiani To 'Urgently Rectify' Policy

PA0106142990 Mexico City NOTIMEX in Spanish 2047 GMT 31 May 90

[Text] San Salvador, 31 May (NOTIMEX)—The Salvadoran opposition parties and the majority of social and labor organizations today demanded that President Alfredo Cristiani "urgently rectify" his policy.

One year after Cristiani was sworn in as president, five political parties, the leading labor federations, and the Permanent Committee for National Debate [CPDN] published an open letter harshly criticizing the government's policy.

According to the document presented at a news conference, the largest devaluation and inflation increases in the country's history occurred this year. Also, the unemployment rate has increased as a result of the laying off of more than 10,000 workers.

"Your government is not distributing ownership more equally but, quite the opposite, it is concentrating it in the hands of a minority," the letter pointed out.

The letter added: "Your government promised security and democracy; instead we have suffered repression, illegal detentions, the destruction and looting of union and political offices, and the assassination of priests and members of our organizations."

The representatives of the signatory organizations accused the president of "polarizing the society." They proposed "measures to initiate consultation and a search for an agreement among the country's various sectors within the framework of the peace negotiations."

The corrective measures include: reforming the Labor Code, the Electoral Law, and the judicial system; initiating the demilitarization of society; and implementing a new economic and social policy.

Upon presenting the document, Social Christian Party leader Ruben Zamora said the country "has entered a new stage." This new stage is marked by the search for an agreement—"above and beyond our disagreements"—among the country's various sectors. "The desire to find peace and democracy is stronger than our differences of opinion," he pointed out.

The political organizations and parties that signed the letter to the president warned: "We will not hesitate to defend and advance the interests of the majority until we attain peace with democracy and justice."

In the past few days, several sectors have voiced their opinions on the first year of government; the majority have described it as "a failure."

The ruling Nationalist Republican Alliance [ARENA] and government officials have asserted, however, that Cristiani has taken positive steps forward despite the war raging in the country for more than a decade.

Other sectors have attributed the failure of the government to the FMLN offensive in November that paralyzed the country for several weeks. President Cristiani has admitted that the FMLN offensive forced the government to make use of the funds that were originally earmarked for social welfare programs.

On Friday [1 June], Cristiani will present to the Legislative Assembly a report on his first year of government and introduce "the year of peace."

Suspects in U.S. Advisors' Murder To Be Tried

PA0206211990 Panama City ACAN in Spanish 2333 GMT 1 Jun 90

[Text] San Salvador, 1 Jun (ACAN-EFE)—An official spokesperson reported today that three Salvadorans accused of participating in the "massacre at the Zona Rosa neighborhood" in 1986, where six U.S. advisors died, will be tried for committing "acts of terrorism."

He added that the persons allegedly implicated in the multiple crime, who have remained in jail since 1986, will be tried on an unspecified date for committing "acts of terrorism and preparing subversive propaganda."

According to the same source, Juan Miguel Garcia, 24, Jose Dimas Aguilar, 34, and William Celio Rivas, 21, are involved in the massacre. They allegedly belong to the Farabundo Marti National Liberation Front (FMLN).

The multiple murder took place on 19 June 1986 in an exclusive area in northeastern San Salvador known as the "Zona Rosa neighborhood." Four U.S. military advisors and two U.S. civilians were gunned down in the incident.

The alleged murderers were arrested by the Salvadoran military authorities in 1986 and were later turned over to a military court for prosecution. The court ordered their arrest while the case was being investigated.

Cristiani Says University To Be Returned 4 June

PA0106135290 San Salvador TCS Television in Spanish 1215 GMT 31 May 90

[Italicized passages are recorded]

[Text] Last night Salvadoran President Alfredo Cristiani announced the exact date when the university campus will be returned. He also said that the Tribunal of Accounts has already given the executive branch the inventory reports and the audit of the cash in hand.

[Cristiani] *We are ready. We have reached the conclusion that with the audit and the inventory performed, the campus can be returned without any trouble on 4 June.*

Regarding the higher education law, Cristiani said the government is willing to hold a debate to discuss the need for this law. He also said he is ready to receive the proposals of the involved sectors, including the education and university sectors. Regarding economic aspects,

specifically Decree 483, the president said the decree does not seek to harm the employees of autonomous institutions but to reduce public expenditures.

[Cristiani] *We think the basic principle has been maintained. All entities, including the autonomous ones, remain autonomous, but with a budget control that allows the government to avoid spending more than it receives as income.*

[Reporter] *What does this mean?*

[Cristiani] *It does not mean that they are going to be checked. The autonomous institutions approve a portion and the execution of the budget. However, any expenses beyond the budget should be fully justified, analyzed, and controlled to avoid money being taken away from the true needs of these institutions that serve the people.*

On what will be discussed at the coming Central American presidents' meeting to be held in Guatemala City, Cristiani said it is impossible to leave out of the agenda a revision of the political accords signed. He said that because progress and solutions to the Central American problem can be anticipated in the near future, the meeting permits the debate of economic and social subjects in the area. Regarding the negotiation process between the government and the FMLN [Farabundo Marti National Liberation Front], Cristiani said the government will continue to work so the signing of a cease-fire can occur much earlier than proposed by the insurgents.

[Cristiani] *We will make every effort so this period can be short and the Salvadoran people can live in peace and tranquillity.*

Last night President Cristiani participated in the presentation of the new publicity drive of the Salvadoran Agrarian Transformation Institute [ISTA] called "ISTA Is Working With Its Feet on the Ground."

Departing Attorney General on Jesuits' Murder

PA0106153290 San Salvador Canal Doce Television in Spanish 0300 GMT 30 May 90

[Text] Attorney General Mauricio Colorado has said that there is international interest in condemning the nine military officers involved in the killing of the six Jesuit priests. He also brought attention to the cases against corrupt officials that came to trial during his term of office, which ends on 31 May.

[Colorado] *I am going to end my term fully satisfied that I have rung the warning bell for the Salvadoran people, and also worldwide.*

A few hours away from ending his term as attorney general, Colorado said he is satisfied with what he has done in office. He said that his successor should assume a role committed solely to national interests.

[Colorado] *During this period people have been tried who never before in the history of this country would have come up before a court. They have been forced to return sums of money. We have conducted trials for fraud running into the millions, and we have recovered most of the money that was stolen. There have also been trials of mass corruption, like the Zonas Verdes case.*

[Reporter] *You say that during this period there have been cases that would never before have been tried. Does that include the case of the Jesuits?*

[Colorado] *The Jesuits' case is undoubtedly so delicate that it is one of the great national problems. I believe that in this case, because of its scope, public opinion has a great influence on the case. There are even some sectors who claim that there can only be a guilty verdict for these military officers.*

Colorado added that personally he is not convinced that the nine men involved in the case are guilty.

[Colorado] *Right now, if a jury were to be asked the question they are always asked when they return with their verdict—that is, whether they are fully convinced that so-and-so is guilty—my answer to that would be: No, I am not fully convinced that they are guilty.*

[Reporter] *But do you think that Armed Forces personnel killed them?*

[Colorado] *Possibly. But I am not fully convinced of it. I believe there are other factors to be taken into account.*

Asked about the murder case of Msgr. Romero, Colorado said that by now it is very hard to clear up this matter.

[Colorado] *The Attorney General's Office does not have the means to really conduct an investigation of the crime, and it can only be expected to do so much, especially in Msgr. Romero's case because so much time has elapsed. As I see it, unless something extraordinary turns up, that case will remain a mystery.*

It will remain a mystery unless we find two witnesses who will testify that it was so-and-so, and then we sentence them, because that is what the U.S. Congress is demanding. Then we are going to sentence whomever they say we have to sentence. But there is no scientific evidence and so much time has gone by. That was 10 years ago, and the guilt was never determined.

Referring to the bad debts in the banking system, Colorado also said that he unfortunately has not had time to conduct an in-depth investigation of the closing of several banks. He said that regardless of who is in arrears, that person must pay.

Army Reports Clashes in Several Areas

PA0106192390 Paris AFP in Spanish 1810 GMT 1 Jun 90

[Text] San Salvador, 1 Jun (AFP)—Military sources have confirmed ongoing clashes on the morning of 1 June between guerrillas and soldiers in several parts of

the country. Traffic to the northern and eastern parts of the country was blocked. The clashes occurred while President Alfredo Cristiani was reading his first state of the nation address in San Salvador.

One of the places where the fighting began was in San Felipe Canton, in Apastepeque, 60 km east of San Salvador, where guerrilla columns clashed with the Army in broad daylight. The infantry was supported by helicopter gunships that fired rockets at the guerrilla positions.

Military sources reported that traffic was blocked on the Pan- American Highway. It was reported that the guerrillas mined a stretch of the Pan-American Highway known as El Playon, in the Central Deparment of San Vicente, to prevent military convoys from bringing in reinforcements.

Heavy clashes were also taking place in Guazapa and Aguilares, only 20 km from San Salvador.

On the eve of the first anniversary of the Cristiani government, the guerrillas staged impressive attacks against the country's electric power system. They destroyed more than 20 high-voltage posts and pylons and left most of the country without power.

Guerrilla Attacks Cause Nationwide Blackouts

PA0106181890 Paris AFP in Spanish 1620 GMT 1 Jun 90

[Text] San Salvador, 1 Jun (AFP)—Official sources have reported blackouts in many parts of the country because of guerrillas' sabotaging the electric power system during the night of 31 May and the morning of 1 June.

According to a military bulletin, the guerrillas destroyed 12 electric poles and two power pylons in the central and western parts of the country in less than 12 hours.

In the eastern part of the country, the Lempa River Hydroelectric Executive Commission (CEL) reported that one of the country's main power lines was out of service on the morning of 1 June because a number of pylons were destroyed.

The Armed Forces Press Committee (Coprefa) reported that on the morning of 1 June guerrillas, using mortars and rifles, attacked a CEL substation in the Natividad Canton in the western Department of Santa Ana. There were no casualties, but the guerrillas had damaged a transformer.

On the morning of 1 June, there was a blackout throughout most of the capital caused by urban commandos of the Farabundo Marti National Liberation Front (FMLN).

The guerrillas have increased their activity on the first anniversary of President Alfredo Cristiani's government. Cristiani is scheduled to address the nation on 1 June to comment on his first year in office.

The Army has increased its patrols, which are aided by helicopters that overfly the capital city.

Coprefa reported that one soldier was killed and seven were wounded on 1 June during an ambush of a military convoy near Texistepeque, west of San Salvador.

According to Coprefa, another soldier was wounded in a guerrilla ambush against the elite Bracamonte Battalion on a highway in central El Salvador.

Guatemala

Political Parties Sign Agreement With URNG

PA0106174190 Guatemala City PRENSA LIBRE in Spanish 1 Jun 90 p 2

["Text" of agreement signed by the representatives of the Guatemalan political parties and the Guatemalan National Revolutionary Unity, URNG, in San Lorenzo de El Escorial, Madrid, Spain, on 31 May]

[Text] The Guatemalan political parties and the Guatemalan National Revolutionary Unity, URNG; in the presence of mediator Monsignor Rodolfo Quezada Toruno; of the Guatemalan National Reconciliation Commission, CNR; and observer Doctor Francesco Vendrell, designated by the UN secretary general; meeting from 27 May to 1 June 1990 to fulfill what was established in Oslo, Norway as part of the "Basic Agreement for the Search for Peace by the Political Organizations" and to specify the actions and the policies needed for the peaceful solution to the national problem and for the perfection of functional and participative democracy in Guatemala, do hereby

State:

That within the framework of the Oslo, Norway and Esquipulas II agreements, the constitution of the Republic of Guatemala, and the will to attain firm and lasting peace in our country, we,

Agree:

First: To ratify the complete "Basic Agreement for the Search of Peace Through Political Means," signed in Oslo, Norway, on 30 March 1990, by CNR and URNG delegations.

Second: That to attain peace and perfect the democratic system it is necessary to incorporate all forces—political and social—in the creation of the institutional changes that will guarantee respect for human rights, political rights, the right to organize, freedom of expression, free economic enterprise, overall well-being, social justice, and the independence of the branches of the government. Thus, the application of justice, the respect for peoples' privacy, honesty, and integrity within the public administration, and the defense and protection of national sovereignty will be ensured and guaranteed.

Third: To recognize the need to promote a process of review and institutional reforms. These reforms will include a judicial reorganization in the country with a commitment toward promoting amendments to the constitution of the Republic—through mechanisms established within the constitution—aimed at attaining peace and perfecting a functional and participative democracy. This will promote:
a) The reconciliation of all Guatemalans.
b) An end to the internal armed confrontation and the peaceful solution to national problems through political means.
c) Total respect for and application of the law.

Fourth: It will be on record that the parts involved have the will to promote political measures aimed at contributing to the search for a solution to the national problems and aimed at incorporating the URNG into the country's political life by establishing legal procedures that would permit this incorporation. Thus, the URNG may participate in the National Constituent Assembly that the country's legally registered parties will promote in 1991.

Fifth: To encourage the adoption of actions that would lead to peace and an improved democracy, it has been decided that the political parties and the URNG will periodically hold meetings in the framework of the Oslo, Norway, and Esquipulas II agreements, using the same installation and verification mechanisms, including the services of the conciliator, that were established in the first agreement with the participation of UN observers.

An Acknowledgment by the Political Parties

The political parties are satisfied with the URNG statement that it is not opposed to the 1990 elections process, as well as with the URNG's decision:
a: to abstain from carrying out any action against the country's election process during the election period, and
b: to suspend its sabotage operations during the election campaign.

A Declaration by the URNG

The URNG views with satisfaction that, in expressing their conceptual framework, the political parties represented here have referred to important issues of the grave crises the country is enduring.

Acknowledgment

To conclude, the parts express their gratitude to the people and Government of Spain for their hospitality and support which made this agreement possible and positive.

San Lorenzo El Escorial, Madrid, Spain, 1 June 1990

This agreement has been signed by the representatives of the Guatemalan political parties and by the guerrilla commanders of the URNG.

Further on Agreement

PA0106133290 Paris AFP in Spanish 1242 GMT 1 Jun 90

[Text] Madrid, 1 Jun (AFP)—Representatives from nine political parties, the National Reconciliation Commission, and the Guatemalan National Revolutionary Unity (URNG) today signed in El Escorial (50 km northwest of Madrid) a "basic agreement to search for peace through political means," the sides have reported.

In a joint communique released today, the participants in the talks at El Escorial point out "that to reach peace and perfect the democratic system, it is necessary to promote the incorporation of all political and social forces into the system."

In addition, the parties acknowledge that it is necessary "to further a process of institutional revision and reform that should include the country's legal system and a commitment to promote amendments to the Republic's political constitution."

They told AFP that these measures are aimed at achieving "reconciliation among all Guatemalans, an end to the armed conflict, and unlimited respect for and enforcement of the laws."

The joint communique registers the desire of all sides to promote political measures that will contribute to the solution of national problems and to make viable "the incorporation of the URNG into the country's political process, establishing the legal procedures for this incorporation so they may participate in the national constituent assembly that the legally established political parties will sponsor in 1991."

For their part, the members of the URNG decided "not to engage in actions against the country's electoral process during the electoral period" and "to suspend acts of sabotage for the duration of the campaign," which was welcomed in a "very positive" way by the political parties.

The meetings at El Escorial, which began on Tuesday, 29 May, were headed by Msgr. Rodolfo Quesada, archbishop of Guatemala and president of the National Reconciliation Commission, who asserted that "this agreement at El Escorial is a first step toward peace, a gift from God, but a task for men."

Msgr. Quesada pointed out that this has been the first time in 30 years that the political and insurgent forces have sat down to engage in direct dialogue.

He described the dialogue as "cordial, respectful, and fraternal," and he stressed the need for these adjectives to characterize future talks between the URNG and Guatemala's diverse political and social forces.

"Peace is not an absence of war, but the possibility for a larger number of Guatemalans to have access to equality and justice," Msgr. Quesada said.

Opinion Poll of Presidential Candidates Taken

PA0106134290 Hamburg DPA in Spanish 0034 GMT 1 Jun 90

[Text] Guatemala City, 31 May (DPA) — Presidential Candidates Jorge Carpio Nicolle and General Efrain Rios Montt, retired, with 21 and 19 percent of the votes, respectively, head the opinion poll on the November presidential elections. The poll was taken by the Guatemalan Free Enterprise Chamber.

DPA received an earlier report showing that former Guatemala City Mayor Alvaro Arzu ranks third with eight percent of the vote. Ruling Christian Democratic Party Candidate Alfonso Cabrera ranks fourth with four percent of the votes. Other candidates received a very smalll number of votes. The poll also shows that 31 percent of Guatemalans have not yet decided for whom they will vote.

The poll included 1,000 interviews in which 501 men and 499 women participated. They were between the ages of 18 and 50 and from urban and rural areas. Twenty-two percent of those polled were Indians—who constitute the majority of the population—and 78 percent were from the non-Indian population.

Eighty percent of those polled consider the Guatemalan situation worse than in previous years. They said they would prefer Rios Montt to get rid of the violence and Carpio to solve the economic problems.

However, 36 percent prefer a civilian as "the ideal president," and 37 percent prefer someone from the military. The rest did not give an opinion.

UK Ambassador Comments on Peten-Belize Conflict

PA0306130690 Guatemala City PRENSA LIBRE in Spanish 31 May 90 p 4

[Text] British Ambassador to Guatemala Bernard Everett was interviewed yesterday morning over the conflict at the line of division between Peten [Department] and Belize. Guatemalan residents at the border area have reported incursions by Belizean citizens. They have also reported that houses, schools, churches, and other installations have been set on fire.

The ambassador said that Belize is an independent country. Therefore, the UK has nothing to do with this problem, he said. He added that when he learned that UK planes were reportedly flying over Guatemalan territory, he contacted the UK Embassy in Belize and was told this was not true.

"It seems this is a family-type problem. Therefore, we notified the Foreign Ministry about the incidents. Finally, the ambassador confirmed the presence of UK troops in Belize, as well as in other countries."

Honduras

Reportage on Murders of Two Labor Leaders

Union Figure Bonilla Killed

PA0106183390 Panama City ACAN in Spanish 1707 GMT 1 Jun 90

[Text] Tegucigalpa, 1 Jun (ACAN-EFE)—Honduran labor leader Francisco Bonilla was murdered last night in Tegucigalpa by an unidentified assailant who escaped after killing him in an attack that sparked antigovernment protests today.

Bonilla, former president of the Trade Union of Workers of the Honduran Social Security Institute [Sindicato de Trabajadores del Instituto Hondureno de Seguridad Social—Sitraihss], was shot point-blank by an unidentified person as he was leaving the union's headquarters in Tegucigalpa.

The killing drew reactions from Sitraihss and the opposition United Federation of Honduran Workers (FUTH), which called this part of "a campaign against trade unions" and asked for an immediate official investigation.

Sitraihss leaders said that "in the last few days we have received death threats at a time when we have been experiencing internal conflicts with executives of the institution."

FUTH President Hector Hernandez stressed that the government must conduct an investigation and protect the lives of the opposition union leaders.

Bonilla, who was an outstanding leader of the Sitraihss, will be buried today in a cemetery in this capital.

Central Labor Union Leader Killed

PA0406051190 Hamburg DPA in Spanish 0500 GMT 4 Jun 90

[Text] Tegucigalpa, 3 Jun (DPA)— A second Honduran labor leader has been murdered in less than 48 hours. Tonight, the body of Ramon Antonio Briceno, leader of the Central Bank Labor Union was found riddled with 11 bullet holes.

Radio America, a radio network, supplied this report. It noted that Briceno was found in eastern Tegucigalpa. His assassins shot him in the head and heart.

The incident occurred on Saturday [2 June] night, but his body was not found until early today [4 June], the station added.

An unidentified individual murdered Jose Francisco Bonilla, former president of the Union of Workers of the Honduran Social Security Institute (Sitraihss), on 31 May.

Briceno was also a leader of the University Reform Front (FRU) of the state's University of Honduras. Police and conservative groups describe the FRU as a leftist student group.

In addition, Briceno was linked to the Democratic Platform, an umbrella organization for labor unions, cooperatives, and professional orgainizations of Honduras

Armed Forces Chief Comments on Forced Recruiting

PA0206223690 Tegucigalpa Voz de Honduras Network in Spanish 1430 GMT 1 Jun 90

[Text] President Rafael Leonardo Callejas met yesterday in the Presidential Palace with some members of the Superior Council of the Honduran Armed Forces, including Armed Forces Commander General Arnulfo Cantarero Lopez, who heads the council.

They discussed some aspects of the obligatory military service. When consulted on this, General Cantarero said:

[Begin recording] [Cantarero] We did discuss the obligatory military service and recruiting issues. Something is clear: There is a law that exists on this and it will continue to exist.

[Unidentified reporter] To avoid commentaries adverse to the Armed Forces, the president has spoken about a nationwide debate and of an agreement the people want. Was this discussed?

[Cantarero] This is necessary. This morning I met also with the president of Congress and the members of the Defense Committee. We spoke clearly. The law is clear and it is in on our side. We think that as long as it is implemented there will not be problems.

[Reporter] What is the meaning of such expressions as: The tiger should not be tormented because it could pull out its own claws?

[Cantarero] We are not going to pull out any claws. We are a serious institution. We obey the central power, the government. But we have our own laws. We are autonomous. They should respect us. The same way we do not meddle with the university, they have to do the same with us.

[Reporter] Can an army be professional when soldiers are recruited by force and there is no sign of war in the area?

[Cantarero] It is not that the people do not want to join the Army, it is that we—especially the media, the government, and Congress—have not created awareness. The people want to do their military service. I am sure that if you were a man you would like to do military service.

[Reporter] Parents and organized groups are talking about inhuman treatment endured by young recruits once they are in the barracks.

[Cantarero] We have an archaic system. It is no good. But it is the way we have to do it. I explained this to the media: Our cultural traditions make us act this way. As long as there is no awareness of what the military service represents, things will not change.

[Reporter] The Vicente Caceres Central High School has carried out a mass demonstration because 200 of its students were arrested. What do you have to say about that?

[Cantarero] It was not 200. It was only a few. I have already ordered that those students who are in their senior year must be released.

[Reporter] What do you mean to tell the people when you say: Do not harass the tiger?

[Cantarero] There has been a campaign. First, it involved the budget, then the [words indistinct]. Everybody wants to speak against the Armed Forces. What is their objective? To gain fame? To fabricate news? If the journalistic sector were to be attacked, you too would be offended.

[Reporter] Are young men going to continue getting recruited even if they have to be beaten, dragged, and pushed into trucks to achieve this?

[Cantarero] I think that if we cannot do it any other way, that is the way it is going to be, because the people do not cooperate in this regard and we need the Armed Forces to care for you, for your children.

[Reporter] You have said that the system is archaic. What new system will be implemented?

[Cantarero] Awareness must be created among the people. We have made appeals. We have paid the media for pages of advertisements urging young men to join the military service, but only two or three of them heed the call and these two or three are usually sick.

We look at lists with 1,000 names of people who have registered but who do not respond when the time comes, so as long as this situation prevails, the current recruiting system stays in place.

[Reporter] Are the procedures going to change?

[Cantarero] They are going to change because we have good intentions.

[Reporter] How?

[Cantarero] By encouraging the people, by creating awareness, by motivating them into joining the service voluntarily. The way recruits are treated has improved.

[Reporter] You have talked about a campaign. What is going to happen to those who are against the Armed Forces and the military service?

[Cantarero] We are a serious institution and should not be harassed just because someone may say: Let us do this against the Armed Forces. We are trying to make them understand that we are a serious and strong institution

and that it is not just any puffing that will put our light out, as I have said before. [end recording]

When General Cantarero was asked who is promoting the campaign against the Armed Forces, he refused to make any more statements on this subject.

The Armed Forces commander said at the conclusion of the meeting that he and his colleagues from the Superior Council of the Armed Forces held with the president of Honduras in the Presidential House that the obligatory recruiting is being conducted according to the law and must be accepted as long as the National Congress does not legislate to the contrary.

Nicaragua

U.S. Aid, Charge d'Affaires Criticized

PA0406021590 Managua Radio Sandino in Spanish 1240 GMT 1 Jun 90

[Station commentary]

[Text] John Leonard, the U.S. charge d'affaires, who is not even the U.S. ambassador to Managua, demonstrated on 31 May what relations with Nicaragua will be like after 10 and one-half years of respect and dignity. Leonard monopolized the media's attention and relegated the representatives of the government of Violeta Barrios to the background during the ceremony to deliver part of the financial aid that Washington sent to Nicaragua, thus reassuming the role of an arrogant (?shouting) consul.

Without the slightest shame, Foreign Minister Enrique Dreyfus received part of the $300 million package, overlooking the fact that the United States owes Nicaragua $17 million alone for the damage from the war and which the International Court of Justice has ordered the United States to pay. Far from feeling guilty, Leonard exalted the U.S.-style democracy, which first levels a country and then unashamedly doles out peanuts to rebuild it and only under certain terms.

Leonard's action showed how his government's policy tells the Barrios government what to do. The U.S. Government forced the president to make concessions to the contras and, in addition, to deceive them both politically and militarily. The situation, however, reached the extreme, to the shame of Dreyfus and Francisco Mayorga, when Leonard stipulated how this so-called emergency aid should be spent, thus casting doubts on the honesty of the current government's officials, just as it was with the contra leaders during the war.

Everybody is familiar with the Barrios government's ties with the U.S. Government, which has financed and directed (?these operations) for more than 10 years and financed her electoral campaign. Few people expected such shameless submission. The Agency for International Development, the CIA's economic branch, also stipulated the privatization of the people-owned areas as a condition for delivering the miserable economic aid. An attempt was made to conceal this gross move with two separate communiques. The imposition of a contra police force, a Barrios government alliance with the contras, and the reactivation of the death squads, disguised as an anti-Communists service, are all indications that U.S.-style democracy has been ruling the country since 25 February. Nicaragua has established foreign relations with all countries wanting them within a framework of respect for our sovereignty and self-determination. We are a poor country and our people are worthy, humble, generous, and proud. If the Barrios government accepts the imperial behavior of a simple charge d'affaires such as Leonard, nothing better can be expected from the president's submission to the designated U.S. Ambassador, Harry Schlaudemann, known for his antileftist stance and inclinations toward violent and covert solutions.

Dignity, sovereignty, true democracy, and respect is the least that the Barrios government should demand from the U.S. Government after 10 years of (?conflict). In addition, these principles should be taught to the new generations as part of their education.

Text of Agreement on Contra Development Centers

PA0206211890 Managua LA PRENSA in Spanish 30 May 90 p 2

[Agreement on the establishment of development centers signed by the Government and the Nicaraguan Resistance in Managua on 30 May]

[Text] We understand development centers to be production units established for the benefit of the members of the community and the country. A development center will serve as a center of services and development for the adjacent area through individual and/or collective projects, and it must have the following basic structures: a municipal area, schools, warehouses, water and electricity services, hospitals, streets and roads, a housing area for the residents of the development center, privately owned land for subsistence farming and cattle raising, a communal area, and an area for projects to benefit all the members of the community.

The Nicaraguan Resistance (RN) members who demobilize, along with their families, will have the right to benefit from the programs that will be implemented in the delimited development centers.

In accordance with the government program and the current laws, priority will be given to the demobilized RN members and their families with regard to the return of or indemnification for their property, real estate, and assets that have been confiscated, seized, or occupied.

For such a purpose, and to begin the process of settling the demobilized individuals, one or more development centers will be created in the geographic area encompassing the following points: 1) San Ubaldo, 2) Acoyapa, 3) Santo Tomas, 4) Villa Sandino, 5) Muhan, 6) La

Gateada, 7) Muelle de los Bueyes, 8) Ciudad Rama, 9) Rio Rama, 10) Rio Kukra, 11) Miramar, 12) Monkey Point, 13) Punta Gorda, 14 Barra de San Juan, 15) Rio San Juan, 16) Boundary Post No. 2, 17) Boundary Post No. 12, 18) Boundary Post No. 13, 19) Boundary Post No. 14, 20) San Carlos, 21) San Miguelito, 22) Morrito, 23) San Ubaldo, with the exception of the southeast forest reserve and the Yes To Peace [SI-A-PAZ] project. Development centers can also be established in the geographic area between Rio Blanco, San Pedro del Norte, Siuna, and Waslala, in northern Nicaragua.

A tripartite commission will be created among the INRA [National Institute for Agrarian Reform], the Irena [Natural Resources Institute], and the RN, under the coordination of the Nicaraguan Repatriation Institute [Instituto Nicaraguense de Repatriacion] to specify with greater precision the location of the centers. In addition, development plans will be implemented to make possible the demobilized individuals' incorporation into civilian life.

Once settled and legally organized in the various development centers, the members of the community will have the right to urban or rural land title deeds and access to the use of forests, waters, and other existing resources, in accordance with the laws and regulations in force in Nicaragua.

The RN members and their families will also be able to settle in other geographic areas of the country, which are established by the government with other development plans, including, as much as possible, similar benefits.

This agreement is signed in the city of Managua on 30 May 1990.

For the Nicaraguan Government:

Dr. Roberto Ferrey, Nicaraguan Repatriation Institute

Dr. Gustavo Tablada, INRA

For the Nicaraguan Resistance:

Commander Oscar Sovalbarro, also known as Ruben

Commander Miguel Angel Soza, also known as Emiliano

Commander Aquilino Ruiz, also known as Minita

Commander Adolfo Somoza Reyes, also known as Mano de Piedra

Interview With Contra Commander 'Franklin'

PA0306173090 Managua BARRICADA in Spanish 2 Jun 90 pp 1, 4

[Report by Carlos F. and Chamorro B.]

[Text] Israel Galeano, alias "Franklin," contra chief of staff, has described the disarming of his forces as "irreversible." Referring to the 10 June deadline set for the demobilization, Galeano said: "We will not negotiate another date. We have made a commitment and we will stick to it. There is nothing else to say."

In a lengthy interview with BARRICADA in his Las Mercedes hotel room, Galeano pointed out that, for the Nicaraguan Resistance [RN], "the war is a closed chapter." He expressed the purpose of turning his movement into "a civic organization," perhaps "a political party."

Elusive, vague, and sparing in many of his replies, "Franklin" released the contras from all responsibility with regard to the whereabouts of nearly 1,000 kidnapped persons and considers a "negative campaign" the report that his men have cached arms in various areas of the country.

In the Sandinist People's Army [EPS], he recognized the "Armed Forces endorsed by the government that governs the country. He said that the police force that will be organized in the development centers "will not be a parallel police."

Galeano asserted that the ties between the contras and the United States ended many months ago and admitted that his old sponsor offers no aid without strings attached. "We were always a force of pressure. We were never allowed to become a force of liberation," he pointed out.

A peasant born in Segovia, Galeano appears to be older than the 30 years attributed to him. He spent the greater part of the war in Nueva Guinea commanding one of the Salazars' forces, precisely in the area where most of the development centers will now be established.

I asked him about the demobilization rate. Only 331 men surrendered their arms on 31 May, although the contras had pledged to disarm at the rate of 500 per day. Are they really going to make good their word?

Galeano replied that the demobilization is not going slow. At the beginning, between 30 and 50 men disarmed every day, while close to 500 men handed over their arms on 30 May. The number was less on 31 May, "but a larger number might disarm tomorrow."

According to Galeano, the problem is where his men will settle in order to receive humanitarian aid and start the process of adapting themselves to civilian life. Although an agreement was signed recently, the contra leader does not think the location of the development centers has been sufficiently established. He underlined that the demobilization rate and providing aid for those demobilized must take place simultaneously.

He denied, however, that the contras are planning to break their pledge again. That the number of men disarmed is not the same every day does not mean that the process will not culminate in a total RN demobilization. Galeano looked unperturbed over the mistrust of various country sectors because of the contras' repeated failure to comply with their commitments. He reiterates his pledge again: "There should be no doubt in any of the country's political circles, least of all in the Armed

Forces or the President, that we have entered the irreversible process of reintegrating ourselves into the country's civilian life."

During the interview, Galeano smoked constantly and kept the hotel television set on at all times. He speaks with aplomb and sometimes smiles wryly when he finishes his answers. From time to time, he quotes a Bible passage, looks upward seeking inspiration, and adopts a somewhat Messianic posture.

"That is out of the question," he replied when I asked him about the demand to remove General Humberto Ortega and the EPS officers, which had been presented as a condition for disarmament. Galeano affirmed that the contras never set this condition. The only Armed Forces in the country are those created to ensure security and well-being. The designation of their officers falls within the government's authority, he said.

He thinks that reducing the number of men under arms is a necessity, a matter he has discussed with the Army High Command. He added that, after the reduction, "it does not matter who remains, because, as a military institution, the Army is passing through an apolitical process. I think this is being demonstrated."

With regard to the protection that the government offered the contras for their demobilization, he attributes special importance to the formation of a rural police force comprised of "former RN members." He said that this would give trust to the former combatants. He denied any plans to create a "parallel police force." He spoke of a nonsectarian police force comprised of volunteers and under the authority of the Ministry of Government.

I interrupted to tell him that such a force will create mistrust and fear in the peasants. Galeano argues that, after eight years of war, the mistrust is natural. He appealed for a higher degree of understanding in the government and the Armed Forces so they can accept the idea that "members of the two sides should feel like citizens with the same rights."

Behind "Franklin," who is sitting on the edge of the bed, Rodolfo Ampie, a former National Guard [GN] lieutenant known as "Invisible," carefully jots down Galeano's replies. Jose Benito Bravo, alias "Mack," an ex-GN sergeant, entered the room near the end of the interview. "Invisible" and "Mack" are two of the 10 commanders who comprise the contra staff, in which there is apparently a balance between officers of a peasant origin and others who served in the GN.

Another influential person is adviser Aristides Sanchez, the only survivor of the contras' political directorates, well-known for his close ties with U.S. security organizations. Galeano does not make any comments on Sanchez' influence on the contras' leadership. Sanchez is indeed an adviser, Galeano remarks. "Our organization is like that. Each member, combatant, or director can stay or leave whenever he wishes."

Regarding the contras' ties to the U.S. Government, Galeano said that the aid came to an end long ago. He explained that this was conditioned aid, just as what the U.S. Government is now offering to Nicaragua because "no one gives anything without expecting something." Among those conditions, he says the contras were always a "force of pressure." It was better this way, he added, because, had we been a force of liberation, I do not know how far we would have gone in this war among Nicaraguans.

Galeano claimed the rights of his war victims, such as widows, orphans, and disabled, to get a government pension. "It is the state's responsibility to support whoever requires it, regardless of the side to which the needy person belonged."

Nevertheless, confronted with the pitiful clamor of hundreds of families over the kidnapped persons, Galeano states that the contras hold no prisoners of war because all of them were released years ago.

But the government has given you lists with the names of those people, we insisted. However, we get the same answer: "I could tell you that there is a large number of people, allegedly kidnapped, who have traveled to other countries, while others are serving in some of our units."

Concerning the contras' future after the demobilization, Galeano speaks in a general way. We could form "a civic organization, a productive force," he said.

Does this mean a political party?

Maybe, he replies.

It has been said that you people are planning to organize an agrarian party, I commented.

"We cannot become sectarians. If we call ourselves agrarian or peasants, we would become sectarians and ignore many labor, productive, and professional sectors that are vital and part of our organization."

Nevertheless, explaining his view of the development centers with the help of $30 million from the U.S. Government, he speaks basically of agricultural and livestock projects. He describes this as a "productive competition" among owner peasants. "However, we do not oppose the formation of cooperatives," he adds.

In addition, Galeano stresses the aspiration of all contras to return to their birthplaces "when trust, which still does not exist, has been restored." He thinks his delegates in the Repatriation Institute will assist in this relocation task.

I ask him: You people have described the new government as "oligarchic." Do you still mistrust it?

He answered: "The government has the healthy intention of fulfilling the mission for which it was elected. No government, however, can move forward without the cooperation of all the country's political sectors."

What is your relationship with the FSLN [Sandinist People's Liberation Front]?

"As a political trend, the FSLN has its own views. Perhaps well- intentioned, the FSLN tried to push some projects that were misinterpreted. We believe that the FSLN has an important role to play as a civic force and that it has a task ahead today more than ever. It is not up to me, however, to point out the shortcomings of other parties or persons."

Reportage Continues on Contra Demobilization

503 Reportedly Demobilize 31 May

PA0206213190 Managua Radio Ya in Spanish 1200 GMT 1 Jun 90

[Text] Up until today, 1,482 counterrevolutionaries have demobilized in five security zones. These counterrevolutionaries are part of the over 10,000-man terrorist force, which, armed and financed by the U.S. Government, has assassinated and destroyed the country's economy.

According to the reports, 503 criminal counterrevolutionaries demobilized yesterday. Today these people are being treated like great heroes by the Violeta Barrios de Chamorro government.

Numbers Said Lower Than Promised

PA0406121490 Managua Radio Sandino in Spanish 1300 GMT 3 Jun 90

[Text] According to the UN Observer Group in Central America, 654 counterrevolutionaries disarmed this weekened in six of the seven security zones. This figure would suggest that there is a deficit of more than 300, because the rebels' chief of staff had promised that 500 men would demobilize per day.

On 1 June, 292 contras disarmed; 362 disarmed on 2 June; 498 disarmed on 30 May; and 331 disarmed on 31 May. None of these figures comply with the minimum number that the Chamorro Government committed to.

The disarmament began on 8 May and continued until 18 May, when the contra staff suspended the demobilization indefinitely. On those 11 days [number as heard] 1,084 contras surrendered their rifles.

Government, Workers Agree on Salary Increase

PA0406041490 Managua LA PRENSA in Spanish 1 Jun 90 pp 1, 8

[Report by Ana Maria Ruiz]

[Text] In an unprecedented labor agreement in Nicaragua, the authorities of the new government and the National Front of Workers [FNT] reached an agreement early this morning on a salary raise for the month of June.

The negotiations were led by acting Labor Minister Dr. Tony Ibarra, who told LA PRENSA that "there is an atmosphere of goodwill among all sectors for successfully contributing to the economic reactivation of Nicaragua."

Representatives of the independent and pro-Sandinist workers participated in the discussions that ran from 2100 on 31 May through 0400 today in the offices of the Central Bank of Nicaragua in the presence of the minister president of the bank, Dr. Francisco Mayorga.

The workers, who were demanding a 130-percent increase, understood that their request was impossible and agreed on a 65-percent increase for the first 15 days of June, with an option for a supplement for the basic food basket, plus an additional five percent.

Minister Ibarra, special delegate of the president in the negotiations, said that "this begins an atmosphere of participation and cooperation among all labor union, government groups, and private enterprise groups for solving the common and unique interests of each sector in a harmonious manner, without major conflicts."

The following is the text of this most important agreement:

We, Antonio Ibarra Rojas, acting labor minister and delegate of the president of the republic; Francisco Mayorga, president of the Central Bank of Nicaragua; Silvio de Franco, minister of economy and development; Leonel Rodriguez, acting minister of finance; Lucio Jimenez, secretary general of the Sandinist Central Organization of Workers [CST]; Jose Angel Bermudez, secretary general of National Union of Employees; Gustavo Porras, secretary general of the Federation of Health Workers; Guillermo Martinez, secretary general of the National Association of Nicaraguan Teachers; Lilly Soto, secretary general of the Union of Nicaraguan Journalists; Damaso Vargas, secretary general of the CST (Region 3); Ronaldo Membreno, secretary of organization of the CST; and Edgardo Garcia, secretary general of the Association of Agricultural Workers, having the purpose of solving point number two on the salaries for the month of June, have reached the following agreements:

1. To make an immediate salary adjustment of 65 percent, to be paid on 7 June 1990.

2. The government of the Republic of Nicaragua promises to pay a salary supplement equivalent to the percentage of the increase in the cost of the family food basket of 53 products, estimated between the last week of May and the second week of June, plus an additional five percent. The salary adjustment of 65 percent will be paid no later than 25 June 1990.

3. The sum of the amounts mentioned in points one and two of the present agreement will constitute salary for the month of June.

4. The discussion over the salary for the month of July will be held on 30 June 1990, based on the increase of the basic food basket of the last two weeks of June.

5. The ceiling for income tax will be increased to the sum of 40 million cordobas for the month of June. This ceiling will be revised every month.
6. The Government of Nicaragua promises to deliver the rice, beans, and sugar package for the month of May in the first week of the month of June, and the package for June in the third week of that month.
7. The minister of labor and the FNT will begin revising the salaries of the health and education employees, as well as all state employees earning salaries less than 15 million cordobas in order to improve their conditions, as stipulated in point number three of the 16 May agreements.
8. Both parties promise to review financing and other problems in the productive and service enterprises.
9. At the end of the negotiations, both parties stated that dialogue and fluid communications were established. This allowed a discussion of the various economic problems.

Given in the city of Managua, at 0300 on 1 June 1990.

[Signed] Antonio Ibarra R., Francisco Mayorga, Silvio de Franco, Leonel Rodriguez, Lucio Jimenez, Jose Angel Bermudez, Gustavo Porras, Guillermo Martinez, Lilly Soto, Damaso Vargas, Ronaldo Membreno, and Edgardo Garcia.

Radio Sandino Views Government's First 30 Days

PA0406021390 Managua Radio Sandino in Spanish 1200 GMT 25 May 90

[Station commentary]

[Text] After the first 30 days of Violeta Chamorro's government, it is obvious that it is far from fulfilling its promises of guaranteeing a state of law, peace, reconciliation, and economic recovery, which creates more instability and uncertainty in the country.

Although an agreement was signed to begin the contras' demobilization, this government has not attained peace; it has not even advanced in that process. Moreover, the government does not show the necessary determination to demand the demobilization and it has made more and more concessions at meetings that are followed by evaluations which seem to have no end.

While the OAS and the United Nations warn about the possible return of armed conflict, the disappointment among the population grows, given that the promises to end militarism, war, and bloodshed have not been fulfilled, and instead, the contras are refusing to lay down their weapons.

The only noticeable reconciliation is that of some government sectors with Somozists and former contra leaders, who are enemies of the people. Meanwhile, the government's reconciliation with the workers only came through a dialogue that followed a strike.

What sectors are favored by the government's reconciliation? Are the small and medium-sized businesses, industrialists, and artisans favored or are the political adversaries whom the government blames for its own administrative ineptitude by showing double morals and cynicism favored? Panchito Mayorga has already used 30 of the 100 days he has to reactivate, restructure, and stabililize the economy by announcing measures that are so harsh that they can only be abated through fabulous salaries paid in dollars, like the ones earned by the current government's top officials.

In 30 days, the official exchange rate suffered a drastic increase. This resulted in a necessary adjustment, increasing by more than 110 percent the cost of the basic family basket, which only contains a few products for the workers, who also [word indistinct] access to the rice, beans, and sugar package.

The gold cordoba, with no production support, and the high interest rates in dollars, as well as the lack of an official economic policy represent no incentive for farmers, who are fundamental in internal consumption and who are also beleaguered by the devaluations that make it difficult for them to obtain their equipment.

There is so much uncertainty that Central Bank President Francisco Mayorga now says that his economic plan is stable and guaranteed, and tomorrow he will blame it on strikes, the occupation of land, a visiting comet, or the weather, evading the responsibility that his high position demands.

The state of law, which has been given so much attention and is regarded as the framework of its democracy, is the best evidence of the government's unconstitutionality because the National Assembly's legislative purview has been openly violated through decrees issued at random; some of these decrees were sent to parliament, while others were not.

Starting from the amnesty decreed on the inauguration day, those mandates are contrary to the law proclaimed by the officials of the country's new democratic order. Actions such as yesterday's occupation of [name indistinct] through violent methods contradict their words. Depriving government workers of the universal right to strike, threatening workers of the People's Ownership Sector, and cooperative members with decrees 10-90 and 11-90, violating agreements signed with the strikers, actions against the university's autonomy, etc., etc., are not the best reflections of a state of law.

The excuse that 30 days is not long enough does not justify the absence of a willingness to attain real peace and genuine reconciliation with all groups, or the lack of a willingness to seek the country's economic recovery with the participation of all sectors, and much less impudently violating the national legal order. Not even government supporters expected that.

Panama

Endara Speaks on Public Officials, Privatization

PA0406043290 Panama City Circuito RPC Television in Spanish 2300 GMT 1 Jun 90

[News conference by President Guillermo Endara in Panama City; date not given—recorded]

[Text] [Endara] I believe we Panamanians must be optimistic in our belief that the country needs everyone. It does not depend on the president, a magistrate, or a public official; it needs everyone. We must look at things the way they are and not be pessimistic. Some people just like to be pessimistic and they have a right to voice their opinion; they have a right to look at things negatively. However, we do not have to accept that bleak outlook. We want to be optimistic because Panama has a very bright future ahead.

[Reporter] How would the president feel about the removal of the attorney general of the Republic?

[Endara] The president has nothing to do with that issue because it is strictly a judiciary issue. I promised the Panamanian people that we would have an independent Judiciary Branch, that the attorney general of the republic would be independent, and I am going to keep my word.

I am not going to interfere in that. The Executive Branch is not going to interfere in judiciary issues. The Judiciary Branch must decide the laws. The Executive Branch is not going to tell the Judiciary Branch what it should do, and it is not even going to voice an opinion on that.

[Reporter] Mr. President, concerning the retirement of policemen after 20 years of service without having reached the minimum required age, why do other citizens working in other branches have to wait for the required age before retiring?

[Endara] We are talking about reducing the number of years in service. The requirement was reduced from 25 to 20 years service, but this entails a reduction in the pension payments. This was done to reorganize the Public Force, and we must undertake this task seriously.

There are certain reasons for this and they are mentioned in the decree we recently signed. The Executive Branch has decided this based on causes that are specifically mentioned. If the requirements for retiring after 20 years have been met, then the pension that was due after 25 years of service is reduced to 70 percent. This has been studied carefully studied, and it is not going to affect the other retirements.

[Reporter] Mr. President: Some groups feel that the Christian Democratic Party [PDC], and not the Executive Branch, is making the decisions about the Public Force. Any comments?

[Endara] They have a right to voice their opinion. The Executive Branch is making the decisions. Now remember, this is a coalition government, and the PDC is definitely part of the government. However, it is part of the government and not the entire government. I do not feel that the PDC has tried to take over the Executive Branch or anything like that.

I believe the PDC has been very careful about this. However, if anybody wants to think otherwise, they are free to do so.

[Reporter] As for the economic aspect, the issue of the privatization of some state enterprises has been discussed lately. What can you tell the people about this?

[Endara] Privatization is more complicated that one can imagine. We want this to be crystal clear. First of all, we want to sell enterprises for the correct price and second, without bribery or doubts, know that the money received from the sale is going into the National Treasury. Therefore, we have to take all sorts of precautions.

First of all, we are not going to give away property. Privatization does not mean giving away government property to private individuals. Second, it does not mean that a few government officials are going to become rich as a result of these operations.

Editorial Examines Attitude Toward U.S. Aid

PA3105193290 Panama City LA ESTRELLA DE PANAMA in Spanish 29 May 90 p A-4

[Editorial: "U.S. Aid and the Panamanian Attitude"]

[Text] At last, after four long months of waiting, the U.S. Government has approved $420 million in aid for our country. It also approved $300 million in aid for the Nicaraguan Government. This took place last weekend following an unbelievable ordeal. Nobody can argue that President George Bush took great interest in ensuring that this bill, which was introduced in January, was approved. The aid for Panama faced all kinds of delay tactics during the past four months. Inexplicably, the representatives of the two U.S. political parties followed their political strategies at both the House of Representatives and the Senate. The nation's economic fate was the unfortunate subject of untold political games. While this was happening in the House of Representatives and the Senate, Panamanians were suffering the consequences of their cunning and strategic struggle.

This is the sad fate of Latin American nations that must beg for aid from a nation that is obviously responsible for our economic penury. Unfortunately, the national government always viewed the aid promised by President Bush as a donation. The Panamanian people, who have faced the consequences of a destructive invasion, cannot view such aid with the kindness that some want to attach to it. We believe that the United States is obliged to give us an economic boost and huge compensations for the grave damage inflicted on our people

since sanctions were applied against the previous regime. Unfortunately, in this moment of historic confusion, such aid is being accepted with gratitude and viewed as an act of unselfishness. The lengthy and tiresome game played by the two U.S. legislative bodies delayed far too long the aid that should have arrived earlier.

The Panamanian Government and people must draw a lesson from this experience that is part of the democratic philosophy. Henceforth, we should not expect this kind of economic aid. We must come up with our own economic initiatives to promote investment and provide incentives with the efforts of all of us. We need to shed foreign dependence. Now that this distressing chapter in which we were the victims of the political game of the U.S. House of Representatives and Senate has ended, we Panamanians must move forward to work constructively, stimulate creativity in the economic area, and promote conditions that lead to the progress of our nation. To do this, the national government must be very serious about its national reconciliation and reconstruction plans, which have not moved from being a philosophy to becoming reality yet. It has limited itself to empty promises and simple rhetoric.

The national economy can only be adequately reconstructed through a monolithic unity of the Panamanian people. We will never be able to build an economy allowing us to met our basic social needs by ourselves with the political persecution, scramble for political positions, and increased unemployment that prevail.

Officials on U.S. Return of Rio Hato Base

PA0206213290 Panama City Circuito RPC Television in Spanish 2300 GMT 31 May 90

[Italicized passages recorded]

[Text] In a brief and simple ceremony this morning, U.S. civilian and military officials turned over to Panama the Rio Hato military base, which had been occupied by U.S. forces since 20 December. At the ceremony, Ramon Lima, deputy government and justice minister, raised the Panamanian flag. He was accompanied by Deputy Foreign Minister Juan Castulovich and David Beall, counselor at the U.S. Embassy in Panama. Some of the installations showed evidence of the fighting. However, the majority of the buildings had only been the target of looting.

[Begin Recording] [Lima] What we are doing today is assuming physical control of the former Rio Hato base to show that the Panamanian Government is recovering control over these areas of the national territory which have been been under the control of U.S. forces since 20 December 1989. The return of such installations will continue gradually, as the Panamanian Government, through the Public Force, is able to assume more control and guarantee their security.

[Castulovich] There are no plans to use even part of the Rio Hato base for police training. The government is studying what other use to give to the Rio Hato base. We believe that a project will be ready to present to the press in a few weeks. [end recording]

Anel Beliz, director of the IPAT [Panamanian Tourism Institute], gave details of the plans for these installations.

[Begin Beliz recording] This is one of the most important areas of Panama because it has the most extensive beaches. The first step was to turn the Rio Hato military airport into an international civilian airport. This has been done by the executive and legislative branches. We now have to improve it so that big charter planes can land there in the near future. The entire Rio Hato area has been declared an area of tourist interest so hotels can be built there and the planes can arrive there directly. We think these are the first positive signs. Groups are already interested in developing the area, including Panamanian groups. We have inspected the area because the Panamanian Riande chain is interested in building a hotel in the area known as Playa Blanca. They have land there and they are working on a project. There are also groups from abroad that are interested, and they want to make feasibility studies. The area represents one of the most important sectors for tourism in Panama. [end recording]

Relations With Cuba, Safe-Conduct Discussed

PA0106021990 Panama City Circuito RPC Television in Spanish 2300 GMT 31 May 90

[Text] Deputy Foreign Minister Juan Castulovich said today that the national government is drafting a document that deals with Cuba's attitude toward Panama and added that the ministry will not grant safe-conduct to [former Government Minister] Rodolfo Chiari de Leon:

[Begin recording] [Castulovich] The Ecuadoran Government, at least as far as I know, did not formally report that Mr. Chiari was at the embassy. As you know, that process consists of several phases: In the first phase, a person may enter a diplomatic mission, and as long as the government of that mission does not report to the Panamanian Foreign Ministry that that person is at that diplomatic mission and in what capacity, any opinion is premature.

Now, I am making a general statement, which is the one we have been reaffirming publicly since the first individuals began to enter diplomatic missions: The Panamanian Government does not plan to—President Endara and Foreign Minister Linares have confirmed this and I have said it on several occasions also—grant safe-conduct to any common criminal, especially those involved in very serious crimes such as murder and stealing state money. Those who commit such actions cannot go unpunished, because that would constitute a mockery of the Panamanian people, because this is a government that was elected by the people that looks after the Panamanian people's interests.

[Unidentified Reporter] As for relations with Cuba, is it true that the Foreign Ministry is drafting a document on a possible break in relations?

[Castulovich] We have already drafted a document that summarizes the actions that the Panamanian Government believes the Cuban Government has implemented to the detriment of our integrity as a nation and our sovereignty, and the acts of disrespect it has committed, because it has on certain occasions referred to the Endara Government in a way that we consider disrespectful and unwarranted. We have replied to all such statements.

Of course, we have virtually finalized a summary of all those activities that we deem to be unfriendly in some cases, disrespectful, openly hostile, and outside diplomatic practices in others, and you can rest assured that we will act accordingly. [end recording]

Meanwhile, it was officially announced in the late afternoon that Panama will not grant safe-conduct to leave the country to former Government Minister Rodolfo Chiari de Leon, even though the Ecuadoran Foreign Ministry announced that it has granted asylum to the collaborator of the dictatorship of Manuel Antonio Noriega.

The government does not plan to grant safe-conduct to any common criminal, especially those involved in serious actions, such as murder or stealing state money, the Foreign Ministry announced tonight.

Draft Law Puts Private Guards Under Government

PA0106142690 Panama City EL SIGLO in Spanish 31 May 90 p 19

[Text] President Guillermo Endara Galimany apparently is not aware of a draft resolution prepared by Christian Democratic [PDC] Legislator Jose Antonio Sossa, in which the 3,750 private security guards, together with their weapons, would come under the jurisdiction of the government and justice minister "in the event of domestic unrest, a declaration of war, or a national emergency."

The draft has already been signed by Government and Justice Minister Dr. Ricardo Arias Calderon, but the signature of the president is pending—a constitutional requirement before it can be presented before the Legislative Assembly.

A total of 3,750 guards working with private security companies, together with their weapons and the work they do, will come under Government and Justice Minister Ricardo Arias Calderon's responsibility if the two drafts presented by the Government Ministry and PDC Legislator Jose Antonio Sossa are approved.

The Government and Justice Ministry's draft resolution has already been signed by Arias Calderon, but not by President Guillermo Endara. The president's signature is required before sending it to the Legislative Assembly.

The draft resolution specifies that security companies may have up to 250 guards and the Government and Justice Ministry's authorization is needed to go over that number.

The draft resolution states that in the event of domestic strife, a declaration of war, or a national emergency, the weapons belonging to these private security companies will come under the president's control through the Government and Justice Ministry—in other words, Arias Calderon, the current minister.

This draft resolution gives the minister total control over granting or refusing work permits for these private security companies. It also allows 90 days after it becomes law for the companies to comply with these articles.

The draft resolution presented by PDC's Jose Antonio Sossa, president of the assembly's constitutional affairs commission, provides that the government and justice minister should supervise and regulate the private security companies.

This has caused a wave of indignation among the owners of these businesses, who feel that Arias Calderon will thus have a private army at his disposal any time he wishes.

Police Chief Denies Resignation, Defines Stand

PA0306142290 Panama City ACAN in Spanish 1458 GMT 2 Jun 90

[Text] Panama, 2 Jun (ACAN-EFE)—Panama's police chief, Colonel Eduardo Herrera, has said that he has not resigned and does not plan to, as the media has reported. He said that he will remain in office until President Endara says he no longer needs his services.

In a lengthy interview with ACAN-EFE, Herrera also disclosed that in 1989 the United States discouraged a clandestine operation by exiled Panamanians against Manuel Antonio Noriega's regime. This operation was planned with the help of Israeli Colonel Yair Klein, who was tried in his country for allegedly counseling Colombian drug traffickers.

Concerning persistent reports that he had resigned because of the constant attacks against the High Command of the Public Force by politicians and the media, Herrera said: "Endara had the courtesy to invite me to participate in the government and I will do so until he orders otherwise."

Herrera agreed that he would like to retire, but explained that he will retire only when the president asks him to or when he has completed 25 years of service according to the law. Herrera has 23 years of service.

With regard to the attacks against him and other high-ranking Public Forces members, who are accused mainly of having been part of the Panama Defense Forces under

Noriega, Herrera stressed that he considers them normal within the "democratic exercise."

Herrera said that these attacks will continue for political reasons, but insisted that they do not "demoralize" him as much as the lack of equipment for his men—"the lack of supplies with which to work."

Col. Herrera said: "The charges do not affect me because I am not a criminal, I am not a thief, and I am not corrupt." He added: "During my 23 years of service, I cannot recall at any time using my position to abuse anyone."

On the clandestine operation he prepared in Miami where he was exiled after confronting Noriega in 1986, Herrera explained that it never got past the stage of being a "project on paper" because of a lack of funds and because the United States dissuaded him from carrying it out.

"When the U.S. Government realized that exiled Panamanians were trying to carry out an operation that was not under their supervision, or which could escape from their hands, they told us to be careful because we could be violating U.S. law, explained Herrera. So out of respect for the country where I was exiled, I suspended the operation, Herrera added. He said that he regretted not carrying it out because, "things would have been different and maybe we would not have U.S. troops here."

Herrera also told ACAN-EFE that in conversations with Klein in Miami, "he said that the best that could be done (against Noriega) would be a commando operation at a cost of $2.8 million," but that the money was never obtained.

The Panama police chief, who was Panamanian Ambassador to Israel until he confronted Noriega, denied media reports that the weapons sent by Klein to Antigua in the Caribbean, which later wound up in the hands of Colombian drug traffickers, were for that "commando operation."

Herrera said that although that operation "was only on paper," he did participate in other actions against Noriega, such as clandestine radio and television broadcasts.

Furthermore, Herrera rejected criticism by political sectors that it was an error to organize the police with members of Noriega's Defense Forces, because it is difficult to make policemen of men who have had only military training.

"That is false" because I am a soldier who graduated from a very good school in Ecuador and when I arrived in Panama (as a second lieutenant 23 years ago) I had to do police work. The Defense Forces were not really an army, but policemen disguised as soldiers, Herrera affirmed.

With regard to Defense Forces casualties during the invasion, he told ACAN-EFE that there were only "56 or 57 killed," the highest ranking being a lieutenant.

"No high-ranking officer was wounded or killed," he added. This was one of the criticisms leveled against members of the Defense Force who are now part of the police force. According to the soldiers, they were left without leaders at that time, since all their leaders went to the nunciature.

Herrera also stated that he agreed with the proposed reforms to the Panamanian Constitution presented by Endara's government to the Legislative Assembly that prohibit the formation of an army and denies Public Force members the right to vote.

"This is not only in Panama; in Ecuador (members of the military) do not vote, and in Venezuela they do not vote while they are on active duty. This is healthy for the nation," he stressed.

Argentina

Relations With South Africa To Be Resumed

PY0106131490 Buenos Aires CLARIN in Spanish 31 May 90 p 5

[Text] The government has made a firm decision to renew its diplomatic relations with South Africa in the very near future. Relations were broken off four years ago. As is usual in this type of process, the resumption of relations will be gradual and it will begin with an enhancing of trade relations, which were never totally interrupted, although until today they were in the hands of a vice consul.

The Menem administration is now evaluating the changes that have occurred in the internal policies of the Pretoria government that include the approval of the legal status of the African National Congress and the release of its leader, Nelson Mandela. Another thing that is being taken into account is the slow rapprochement with other countries which, together with Argentina, signed the UN resolution condemning apartheid.

A secret memo that is circulating in the offices of Government House indicates there is the possibility of increasing trade, which today amounts to approximately $80 million, thus doing away with third countries that have acted as springboards.

To reactivate the negotiations, Alberto Kohan, the secretary general of the Presidency, already has his passport ready and will depart with a small delegation on 4 June. It has been learned that after Kohan's visit, the first thing the government will do is open a consulate in Pretoria.

Thus, Kohan becomes another of the Government House officials that are away on travels, beginning with Legal and Technical Secretary Raul Granillo Ocampo on 28 May.

On 22 May 1986 Argentina unilaterally broke off relations with South Africa—although it was the last Nonaligned country to do so—repudiating the military aggressions against Botswana, Zambia, and Zimbabwe; and South Africa's racial discrimination. Two years afterward, after an unauthorized seminar on southern Africa, the Radical government expelled Ambassador Dirk de Wet and three other South Africans.

Menem on Trip; May Meet Gorbachev in Italy

PY0106153890 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1435 GMT 1 Jun 90

[Excerpt] Buenos Aires, 1 June (NA) — Today President Carlos Menem confirmed that before departing the country he had signed a decree which gives him the right to control the entry, the stay, or the exclusion of persons at the presidential residence in Olivos, and he warned union members to moderate their wage demands, because there will be no return "to the fiesta" of nominal wage increases.

Menem also admitted the possibility of prolonging his 12-day trip if a meeting is set up in Italy with Soviet President Mikhail Gorbachev.

In a telephone interview with Radio America from Kuala Lumpur, Menem indicated that he will try to convince Dardo Gasparre to continue as the head of the Movement of Assets Institute [Instituto Movilizador de Activos].

Asked whether his trip will bring benefits for the country, Menem stated: "It is useful, because regrettably, Argentina is a little-known country and we Argentines know very little about this part of southwest Asia."

In other words, Japan and one or two other countries are known, but Malaysia is an exceptional country with an annual GDP growth of 8.7-percent, 20 million inhabitants, and a four-percent inflation rate for this year." [quotation marks as received]

He added: "This country has a lot of interest in Argentina, to such an extent that I understand the Argentine president will be the only president to be received by the Malaysian prime minister and king."

"The Malaysians are interested in strengthening relations with Argentina and expanding trade ties, so this trip is not only useful for a dialogue with Malaysia, but also for a dialogue with the representatives of other countries that have arrived here in Kuala Lumpur. Many people do not know this place, but it is really a surprising one," the chief of state said. [passage omitted]

Vice President, Army Chief Disagree on Pardons

PY0106032490 Buenos Aires BUENOS AIRES HERALD in English 31 May 90 p 13

[Text] (NA-DYN)—Vice President Eduardo Duhalde yesterday clashed with Army Chief of Staff Martin Bonnet over the issue of the imminent pardon of the former military commanders imprisoned for their part in the dirty war.

Duhalde rejected Bonnet's statements that the pardon would "contribute to national reconciliation" and was "a vindication of the Armed Forces for their fight against subversion," adding, however, that they had been "misinterpreted."

At a press conference given in Government House, Duhalde stated that "the government wants to end a tragic period of history," adding that "we're not looking for national reconciliation, because that's already been achieved."

Duhalde then referred to the release of former Montoneros leader Mario Firmenich, who is due to be included in this second pardon, claiming that "the members of the guerrilla forces won't be able to say that they've been released because the government, or whoever enacts the pardon, wants to vindicate them, and the same applies to the other side."

Defence Minister Humberto Romero also alluded to the pardon, which President Carlos Menem announced would come into effect "during the last fortnight of December," saying that it was "necessary to rid the country of the remmants of the recent conflict."

The country's drug trafficking problem provided the source of a further disagreement between Duhalde and Bonnet. The former said the Army "may intervene directly" in the fight against drug trafficking, which was "a top priority" for the government, in a clear rebuffal of Bonnet's statement that "that course of action is not a priority."

Meanwhile, Former Chief of Staff General Luciano Menendez concluded this week's Army Day celebrations by lamenting the treatment of the Army under the previous government of former President Raul Alfonsin, but praising the Menem administration for abandoning this aggressive stance.

Menendez did, however, also criticize the government for its proposal to shorten military service, stating that six months was too little.

In related news, the Ministries of Defence and Economy are jointly considering a proposal to increase military wages above this month's rate of inflation. A decision is expected to be announced on Friday [1 June].

Former President Raul Alfonsin yesterday announced through a spokesman that in the matter of the return of the Graiver family's goods, which were confiscated under the previous military government for their alleged Montoneros links, his administration had done nothing more than to obey a court ruling.

Further comments on the case were provided in a statement published yesterday in LA NACION, prepared by former Treasury prosecutor Pedro Fassi and former Justice Secretary Enrique Paixao.

Bolivia

Joint Antinarcotics Command To Be Created

PY0106204490 La Paz PRESENCIA in Spanish 27 May 90 p 4

[Excerpt] Under strict official secrecy, high-ranking military and police officers, authorities of the Special Antinarcotics Force (FELCN); personnel of the Ministries of Defense, Interior, and Peasant Affairs; and members of the National Council against Drug Abuse and Illegal Drug Trafficking (CONALID) will prepare for the meetings to be held this week to study the creation of an Antinarcotics Intelligence Joint Command [Comando Conjunto de Inteligencia Antinarcoticos].

This information was disclosed yesterday by a high-ranking military officer, who added that this will be the first of a series of meetings in which new strategies in the antidrug struggle will be analyzed as a whole.

The Foreign Relations and Defense ministers, the undersecretaries of social defense and alternate development, the commanders of the Armed Forces, the police, and the members of the FELCN will attend this meeting which will be held in keeping with the content of "Annex Three" that was signed by President Jaime Paz Zamora during his recent visit to the United States [passage omitted].

Minister on Aid for Air Force; Annex Three

PY0106202290 La Paz PRESENCIA in Spanish 29 May 90 p 5

[Text] Aeronautics Minister Luis Gonzales Quintanilla has announced that the Bolivian Air Force will receive another six new helicopters that will be used in support operations in the fight against drug trafficking. While there is nothing concrete, radar equipment will probably be installed in the drug-trafficking zones.

Gonzales Quintanilla made these announcements at the Government House. He also reported that the Air Force is participating in operations with the Red Devils Unit [not further identified].

He said: "Bolivian pilots are considered to be the most efficient in Latin America in terms of flight hours, safety, and above all, in their moral and technical work."

He said that he did not know the meaning of the "militarization of the struggle against drug trafficking," because the economic aspect is Bolivia's main project in the "coca for development" program which has been proposed by President Jaime Paz Zamora and which has international support.

Referring to Annex Three, the minister indicated that the problem has been explained by the defense and foreign ministers, and he stressed that the Armed Forces will participate in that fight when the president orders it and only if the police are overrun by the drug traffickers.

Regarding the proportion of the $33 million in U.S. aid that will go to the Air Force, the minister recalled that the agreement does not establish allotments, and it has been decided to continue to obtain the best possible support for the Armed Forces. "This means getting the materiel that Bolivia needs, but the discussion is still open for the Armed Forces according to Annex Three."

Support, Criticism of Annex Three Reported

PY0106200890 La Paz PRESENCIA in Spanish 27 May 90 p 7

[Excerpt] On 26 May, the MNR [National Revolutionary Movement] and the Condepa [Conscience of the Fatherland] deputies harshly criticized the agreement that was signed by President Jaime Paz in the United States. The deputies said that the government has not told the Bolivian people the truth about the contents of the Paz-Bush agreements that will militarize the fight against drug trafficking and which will allow violence and terrorism to enter the country.

Referring to Annex Three, Chamber of Deputies President Fernando Kieffer has stated that the content and the scope of the agreements clears up all ambiguous points because it is clear that the agreements come within Bolivia's legal framework and they establish that it is the president who will eventually authorize the entry [of personnel] to support the fight against drug trafficking if he deems it convenient.

Kieffer stated that Law No. 1,008 and the Cartagena Accord are the international instruments that can be used to block any excesses by our government or by the United States.

He explained that it is not the military aspect but the cooperation that is the most important aspect of this contract. He added that the agreement will involve equipping and training units for any required armed combat. [passage omitted]

Coca Farmers Reportedly Intimidated by DEA

PY0106220090 La Paz PRESENCIA in Spanish 27 May 90 p 6

[Excerpt] (ANF)—Chapare coca farmers are willing "to blockade the airstrips" used by the drug traffickers' small airplanes. They are being intimidated, however, by the DEA which has charged them with being involved in the illegal-drug trade.

The Chapare coca farmers have warned that the coca substitution crops may be eradicated because there are no markets to absorb their production.

Evo Morales, the executive secretary of the Special Federation of Peasant Workers of the Cochabamba Tropic Area [Federacion Especial de Trabajadores Campesinos del Tropico Cochabambino], has said that the peasants feel desperate when the possible militarization of that area is mentioned.

Morales indicated that the intelligence service of the National Armed Forces has been operating in the Chapare region for some time now, paving the way for the military troops.

DEA and UMOPAR [Mobile Units for Rural Areas] agents are carrying out police operations involving the peasants, although the latter are not directly involved in the drug trade.

The coca farmers are willing "to blockade the airstrips used by the drug traffickers' small airplanes," however, despite the fact that this proposal was made to the Interior Ministry, the peasants' willingness to join the struggle against drug trafficking was not taken into account, Morales noted. On the contrary, the response came from the DEA. "Their agents prefer to destroy roads and paths built by the peasants;" the most recent bombing of a road was on 2 May in the town of Mariscal Sucre, Morales stated. [passage omitted]

Brazil

* Lutzenberger Pressures Government on Demands

90SM0095A Sao Paulo O ESTADO DE SAO PAULO in Portuguese 19 May 90 p 11

[Report by Elza Pires and Monica Maia]

[Text] Brasilia—In his first press conference since he took office, National Secretary of the Environment Jose Lutzenberger said yesterday that he is ready to resign his post if the Collor administration does not reexamine its position on certain environmental issues. Lutzenberger asserted that the Calha Norte project is no longer a threat to Brazil, but declared that what concerns him now is the use of charcoal as fuel by several steel plants in the Amazon area. "I am vehemently opposed to the use of charcoal, and my continued status as a part of this administration depends on a solution to that problem," he insisted. According to Lutzenberger, substituting Colombian anthracite for charcoal would be the most economic alternative for Brazil.

His high standing with President Collor does not seem to be in danger, however. On World Environment Day, to be celebrated on 5 June, Collor will visit the headquarters of Lutzenberger's department to announce the formation of a commission to prepare for a Second United Nations World Conference on the Environment, to be held in Brazil.

Although ill at ease in his encounter with the press—he shouted at some photographers to put down their cameras—Lutzenberger spoke enthusiastically of his recent 20-day trip to the United States. "We are no longer on the defensive; now we are a country that wants to save the Amazon," he emphasized, denying that he had backed anti-developmentalist positions. "I only tried to show that our economic thinking must be reexamined," he said.

In Lutzenberger's opinion, development agencies should not underwrite major projects in the Amazon region that would involve a threat to the region's ecosystem. "We cannot extend the BR-364 highway to the Pacific at this time, because we would be unable to prevent disasters," he argued. The secretary wants to use science and technology to promote the rational and ecological development of Brazil. "Small generating plants should be built, instead of mammoth hydroelectric plants," he argued. "If we want to satisfy energy needs, we will have to move in the direction of decentralized production," he added.

He likes the idea of converting the foreign debt into environmental projects. The secretary announced that he plans to increase the fundraising authority of the National Fund for the Environment so that it can receive foreign funds. Lutzenberger's position is the same as Collor's. "The countries of the first, second and third worlds must sit down together and begin a serious dialogue on how we can save the planet. Even so, the

secretary expressed one reservation: "This plan for exchanging debt for preservation is only a minor detail in the much broader environmental policy that we must adopt from now on."

Chile

Rojas Denies Government Plan To Remove Pinochet

PY0206184590 Madrid EFE in Spanish 2347 GMT 1 Jun 90

[Text] Santiago, 1 Jun (EFE)—Chilean Defense Minister Patricio Rojas today stated that the government is not studying a plan that will force General Augusto Pinochet to step down from the Army Command. Rojas denied that the Party for Democracy, which supports President Patricio Aylwin, may be promoting an operation to remove Pinochet.

The defense minister recalled that the 1980 Constitution, which allows Pinochet to remain as commander in chief of the Army until 1997, establishes the immobility [inamovilidad] of the commanders in chief, who can only be replaced through an agreement of the National Security Council.

Rumors about the existence of pressure on Pinochet to step down from the Army Command have emerged after some disagreements between the Army and President Aylwin, especially regarding the recently created "Truth and Reconciliation" Commission. This commission, which was created last 24 April, will investigate human rights violations during the past 16 and one-half years of General Augusto Pinochet's government. A week ago the Army expressed "institutional apprehensions" over the commission's role, an argument considered "political" by the government and therefore inadmissible.

Last Monday President Aylwin called General Pinochet to a meeting at the presidential palace to discuss this matter. The defense minister said that "the country can rest assured that after the last meeting between President Aylwin and Pinochet, which I attended as a witness, the situation is now much better, more relaxed."

Contacts between the government and the Army are now conducted "within a climate of rapprochement, understanding, and mutual respect, which is good for the functioning of the institutions."

Rojas admitted that disagreements between the government and the Army are not limited to the "Truth and Reconciliation" Commission, but also extend to three other matters: amendments to the military court, with modifications to the antiterrorist laws, the control of weapons, and the military justice code; the role of the advisory committee to the Army Command; and the fulfillment of the dissolution of the National Information Center (CNI, the secret police of the military regime dissolved in February 1990).

The Chilean president asked General Pinochet at last Monday's meeting for a written report on the work of the advisory committee and the fulfillment of the dissolution of the CNI.

MDP Leader Manuel Almeyda Returns From Exile

PY0206030290 Santiago Radio Cooperativa Network in Spanish 2300 GMT 1 Jun 90

[Text] I know that I am in Chile, the true Chile, and not that caricature that we had during the Pinochet era.

This remark was made by socialist leader Manuel Almeyda Medina after returning to our country following two and a half years of self-imposed exile.

The former Popular Democratic Movement [MDP] president arrived in our country today shortly after 1300 aboard a LAN [National Airline] Chile flight from the GDR where he had been living.

Almeyda made it clear that he was not expelled from our country and that he chose to exile himself because he preferred this alternative to incarceration.

After calling for a national strike, the socialist leader was indicted for allegedly violating the law on internal state security.

Manuel Almeyda expressed his belief in a renewed left-wing movement with broad participation, including Christian and social democratic sectors.

His brother Clodomiro and other left-wing leaders met him at the airport in Pudahuel.

Later, Manuel Almeyda was received at the Socialist Party [PS] headquarters by PS Secretary General Jorge Arrate, MIR [Movement of the Revolutionary Left] representative Patricio Rivas, and Jaime Tovar Gonzalez, minister director of the energy commission.

PCCh Against Amnesty for Human Rights Violators

PY0206033490 Santiago Radio Cooperativa Network in Spanish 2300 GMT 1 Jun 90

[Report by Jose Miguel Alfaro]

[Text] The Communist Party of Chile [PCCh] has said that the right-wing proposal to negotiate an amnesty for those involved in human rights violations during the military regime, reinforcing it with the threat of preventing the review of the trials of political prisoners, violates basic political ethics.

This remark was made by PCCh legislative committee member Manuel Riesco upon discussing a new right-wing proposal on general amnesty seeking to protect those who were involved in human rights violations during the past regime.

[Begin Riesco recording] Unlike past situations, the proposal that the right is making this time partially recognizes

the need to clarify the truth and impose punishment for a limited range of human rights violations.

Therefore, the opposition coalition parties have paid close attention to the amnesty proposal, and they are preparing to give their response sometime next week.

In keeping with this situation, it is appropriate to note the following:

1. There are basically two issues proposed for discussion by the government, which submitted the so-called Cumplido Bills to Congress: to rescue the civilian society from the control of the military courts; and to review the trials that resulted in the imprisonment of more than 400 Chileans. These trials do not meet legal standards. During these trials, people were tortured. [end recording]

Manuel Riesco emphasized that Congress must pass judgment on these problems and quickly solve them.

[Begin Riesco recording] The announced proposal to negotiate an amnesty for those who were involved in human rights violations during the past regime, using as a pressure tactic the threat of preventing the review of the invalid trials of political prisoners, violates basic political ethics. This is nothing else but to pretend to pay a ransom in exchange for releasing hostages. This proposal must be abandoned by all true democrats.

3. [number as heard] The issue of pardoning human rights violators is an issue on which the Chilean society will have to democratically pass judgment in due time once the truth has been clarified, justice has been done, and the national conscience has been cleared. [end recording]

The PCCh leader said in conclusion that Chile requires that this issue be discussed with prudence, maturity, and historical perception.

Minister Cimma Returns From Mideast and Europe

PY0106183690 Santiago Radio Chilena Network in Spanish 1700 GMT 1 Jun 90

[Report from Arturo Merino Airport by Renato Leyton]

[Excerpt] Foreign Minister Enrique Silva Cimma has arrived in Santiago fully satisfied with the results of his 12-day tour through Egypt, Israel, Italy, and France.

Minister Silva Cimma said that he detected great receptivity toward the process Chile is experiencing and that a sign of this is the fact that investors of the three countries he visited last are interested in investing, especially in financial projects.

He also confirmed press reports that he invited French President Francois Mitterrand to visit Chile soon. The Foreign Minister also disclosed that he is travelling to Asuncion, Paraguay, to attend the OAS Annual Assembly. In this regard, he said that Chile has not changed its position regarding Bolivia's landlocked situation. [passage omitted]

Argentine Interior Minister Figueroa Visits

Comments on Needing Chile's Help

PY0106222090 Santiago Television Nacional de Chile Network in Spanish 1800 GMT 1 Jun 90

[Text] Argentine Interior Minister Julio Mera Figueroa this morning said that Argentina really needs Chile to help its development. He said this upon arriving on an official visit to Chile.

Mera Figueroa's visit seeks to strengthen bilateral ties. He is heading a delegation of Argentine Government officials and Armed Forces' officers.

[Begin recording] [Unidentified reporter] Does Argentina want to promote economic integration with Chile?

[Mera Figueroa] Of course. Argentina really needs Chile—we can offer Argentina not only the possibility of an outlet to the Pacific Ocean but also its human and technological resources in several fields in which Argentina lags considerably behind. [end recording]

Following the military coup of 1976 in Argentina, Julio Mera Figueroa was imprisoned for three years. He then went into exile in Uruguay for another three years.

He also referred to the relations between the Argentine Government and the Armed Forces.

[Begin Mera Figueroa recording] We cannot really speak about relations because in my country the Armed Forces are subordinated to the executive branch—that is, to the president, who is their commander. The Argentine Armed Forces are fulfilling their constitutional role. [end recording]

Greeted by Minister Krauss

PY0106223290 Santiago Radio Chilena Network in Spanish 1700 GMT 1 Jun 90

[Text] Interior Minister Enrique Krauss has stated that the comments by Admiral Jose Toribio Merino [Navy Commander during previous Government] were personal, and it is not up to the government to discuss them.

Adm. Merino stated that General Augusto Pinochet should have withdrawn in time, when appropriate, and that the Rettig Commission [Truth and Reconciliation Commission] was rather amusing.

Krauss made this comment while at the Arturo Merino Benitez Airport where he went to meet Argentine Interior Minister Julio Mera Figueroa.

Minister Krauss also referred to violence by reasserting that, in his opinion, terrorism stems from the extreme left as much as from the extreme right. In this regard he disagreed with Adm. Merino who said that the extreme right does not use terrorism as a political tool. Merino said that the extreme right believes in God; therefore, there can be no terrorists in this sector.

Regarding an alleged statement by the autonomous Manuel Rodriguez Patriotic Front [FPMR] that it will mete out justice over cases of violations of human rights which the government does not intend to clarify, Krauss said that this way of thinking, if true, is not shared by the great majority of the Chileans who are making a great effort. He added that the Government has repeatedly warned the citizenry that the possibility of an understanding is based on accepting that terrorism is not a political form of expression, and that it is not the correct tool to fulfill political goals, let alone national unity.

Referring to the FPMR, Krauss said that those who uphold such methods are only isolating themselves from the democratic process which is backed by the great majority of the Chilean people and are exposing themselves to the stiffest sanctions.

Colombia

Barco: Narcoterrorism 'National Security' Matter

PA0206223090 Bogota Radio Cadena Nacional in Spanish 1200 GMT 2 Jun 90

[Text] During a military event held at the Jose Maria Cordoba Military Academy in Bogota yesterday, President Virgilio Barco described narcoterrorism, which is affecting the country, as a matter of national security.

President Barco, who in August declared an open war on the drug lords, said that narcoterrorism is currently the most serious threat to sovereignty, national security, institutional stability, public freedom, and property. Even though Barco has insisted before that with their violent actions the drug traffickers are attempting to destabilize the country, this was the first time he described narcoterrorism as a national security priority.

Barco also said that in its desire to make money, narcoterrorism has led its enforcers to carry out actions that the world had not experienced since the days of the Nazis and fascists. The president added that even though the drug lords have much money, the Armed Forces are backed by the belief and solidarity of the Colombian people. Barco's liberal government will end its term in office on 7 August; however, it has not eased up on its offensive against the drug traffickers, despite the many deaths and high economic cost the country has had to pay. Among those who have fallen in this war have been four presidential candidates.

President-Elect Cesar Gaviria, also a liberal, said that he will continue the war against drug trafficking and promised to make narcoterrorism yield. To do this he has urged the industrialized countries to support Colombia and decrease the consumption of drugs that are already banned in those countries.

Navy Authorized To Stop Ships, Seize Chemicals

PA0306030890 Madrid EFE in Spanish 2203 GMT 2 Jun 90

[Text] Bogota, 2 Jun (EFE)—It was officially reported today that Colombian Navy ships have been authorized to intercept foreign vessels in territorial waters carrying chemicals needed to process cocaine.

This provision is included in a presidential decree that calls for substances used to process cocaine and other drugs to be checked upon entry into the country. Also, the decree calls for the implementation of stict measures in detecting these chemicals on foreign ships which are attempting to unload them at Colombia's ports.

According to the Colombian Government, the decree, enacted today, will closely control the production, transportation, and import of some 20 chemicals used to manufacture drugs.

The decree orders the Sea and Port Directorate and the port police to take measures in case the chemical substances mentioned are detected aboard vessels or in port warehouses.

The same decree points out the possibility that ships carrying such substances without the required controls may be raided and confiscated by military authorities.

Effective today, these substances can only be imported with special permits issued by authorized government agencies. The substances can only be shipped through the Corporation Ports of Colombia and under the strict surveillance of the military forces.

Any Colombian or foreign ship or vessel failing to comply with the legal requirements can be seized. Its final fate will be determined by the National Drug Council.

This decree is just one more measure implemented by the government of Virgilio Barco in the antidrug war.

On 18 August of last year, the Colombian Government declared an all-out war on the drug mafias, reestablished the extradition of drug traffickers to the United States, and ordered the seizure of their possessions, among other measures.

Approximately 30 Killed in Medellin Overnight

PA0306023490 Bogota Inravision Television Cadena 2 in Spanish 0104 GMT 3 Jun 90

[Text] Last night was another night of terror in Medellin. Approximately 30 people were killed in various criminal actions between 2300 last night and 0600 this morning in the northeastern sector of Antioquia's capital.

Security agencies in Medellin are worried about this newest wave of crime sweeping the city.

There were five massacres in various neighborhoods in Medellin. In addition, a policeman was killed in Santo

Domingo and a medium-intensity bomb was placed at the police station in La Tabla, La Estrella municipality, south of La Burra Valley.

According to the authorities, the crimes were committed by individuals riding in cars and carrying automatic weapons.

Alleged Medellin Cartel Leaders 'Detained'

PA0206013890 Bogota Inravision Television Cadena 1 in Spanish 0003 GMT 2 Jun 90

[Text] The alleged leaders of the Medellin Cartel terrorist ring who were detained in Medellin last night were transferred to Bogota.

One of the men is Orlando Diaz Montoya, alias "Pirinola," who, according to the Directorate of Judicial Police and Investigations, is the Medellin Cartel member in charge of paying for all dynamite attacks. It was reported that Diaz Montoya gets instructions from John Jairo Arias Cascon, alias "Pinina," and, along with the five other people he was detained with, was in charge of paying all the people who committed terrorist actions. At the Pirinola exchange house, Diaz Montoya purchased dynamite smuggled from Ecuador.

The police found in his possession bank statements from Envigado bank branches for 163 million pesos, shipment receipts for as much as 450 million pesos, foreign currency, and several vehicles, which were confiscated.

In the next few hours, the police will turn Diaz Montoya and the five detainees over to a magistrate. The five detainees all operated in coordination with Francis Munoz Mosquera, alias "Tyson," one of Pablo Escobar Gaviria's bodyguards.

Police Discover Five Cocaine Laboratories

PA0306132290 Madrid EFE in Spanish 0207 GMT 1 Jun 90

[Text] Bogota, 31 May (EFE)—The Colombian Army today dismantled a drug processing center and disrupted the communications network that belonged to slain drug trafficker Gonzalo Rodriguez Gacha, alias "El Mexicano," arrested 12 persons, and seized over 400 kg of cocaine on a farm in central Colombia, it has been officially reported.

The 4th Military Brigade in Medellin reported that a "cocaine production complex" was discovered today in a rural area of Puerto Triunfo, 220 km northwest of Bogota.

The same source explained that the discovery was made on the "Balsora" farm, which belonged to the late Rodriguez Gacha, the military chief of the "Medellin Cartel."

During the operation, 12 persons were arrested, among them Elkin de Jesus Guarin Rojo, considered by authorities the communications chief of Rodriguez Gacha's organization.

Rodriguez Gacha was killed in a clash with police on 15 December 1989 along a road between the Atlantic coast beaches Toly and Covenas, 600 km northwest of Bogota.

On the farm, soldiers found five cocaine processing laboratories half hidden within the vegetation, only one of which was operating.

Military sources report that between 1,000 and 1,200 kg of cocaine were produced each week at the complex.

In addition to the 400 kg of cocaine that was ready to be shipped to international markets, the Army seized thousands of gallons of drug processing substances, drying ovens, and cocaine paste.

Peru

Presidential Candidates Llosa, Fujimori Debate

PY0406034890 Lima Television Peruana in Spanish 2357 GMT 3 Jun 90

[Debate between presidential candidates Mario Vargas Llosa of the Democratic Front, Fredemo, and Alberto Fujimori of Change 90, moderated by reporter Guido Lombardi, at the Civic Center Amphitheater in Lima—live]

[Excerpts] [Vargas Llosa] Dear countrymen: Tonight's debate between Engineer Fujimori, whom I greet, and myself is taking place at a particularly grave moment in Peruvian history. We have never suffered from so much hunger, unemployment, and violence as now. We are a country without electricity, water, jobs, or international credit, and for some young people we are a country without hope. Despite this, we are a great country with many natural resources and hard-working people.

Our history should begin to change with this election. Who is better prepared to carry out this change? Who has the best program, the best ideas, the best team, the best international contacts? I hope that this debate will help you, dear countrymen, give a clear answer to those questions, and I will do as much as possible to help you in this regard. Thank you very much.

[Lombardi] Engineer Fujimori.

[Fujimori] Fellow countrymen: Good evening. Despite the insults, attacks, and slander I have suffered—which not only affect me but have generated confrontations, polarization, and division—I have put aside my personal feelings in the belief that the country wants and needs unity, reconciliation, and agreements. These elements form the only path to success for our country.

I have come to this debate because the independent movement Change 90 is certain that the Peruvians desire peace and calm, that they want to do away with corruption, that they want to work for the future, that they want every home to enjoy well-being, and that they want to build a great Peru. Do you want to know something? I, too, want all of that. Thank you.

[Lombardi] It is Engineer Alberto Fujimori's turn first to refer to national pacification.

[Fujimori] Mr. Mario Vargas, I am pleased to hold this debate with you tonight. Your well-known reluctance to hold a debate during the first round of elections without any other excuse at that time than the certainty that you were going to win and, later on, your decision to withdraw from the electoral-runoff campaign to go into solitude in London, far from Peruvian problems and the confusion of national politics, had convinced me that, in truth, you no longer wanted to pursue the presidential race, and still less, engage in a debate.

Your clear request was not heard by the electors—not because the people are deaf but rather because they thought things over, in a very rational manner, and said no to you. You heard the sound of doors shutting and thought that the best thing would be to leave the country.

The axis of our policy to pacify the country will be clearly to eliminate the extreme poverty, and the ethnical, political, and cultural discrimination that nourishes violence.

We will implement an emergency social program that will be based on intensive microprojects for the use of labor, which have been proposed by the grass roots. These projects will be implemented and operated with the active participation of the local population. The effect of this plan will be to isolate subversion politically and socially.

We must rebuild the link between the people and the Armed Forces, which have been following a repressive path. We must turn the Armed Forces—agents of development in the ravaged areas—into a united, cooperative, and constructive link. This link must be based on mutual confidence and joint participation in local development projects. We will favor the full enforcement of a state of law and the strict defense of human rights. Mr. Vargas, no more Ucchuracays [reference to the mass murder of journalists by peasants in a town of that name, a crime investigated by a commission of which Vargas Llosa was a member].

Moreover, we will set up a national pacification program that will allow the state to carry out a coherent struggle against subversion. Concerning the political violence—that is, terrorism and subversion—the Fredemo strategy is weak because this political front downplays the importance of the structural violence existing in the country. This structural violence, which has existed almost since the establishment of the Republic, is translated into social discrimination, cultural oppression, and exploitation.

By emphasizing the problem of terrorist violence, Fredemo considers that there is no other way out and no other prospect but mere military repression, which we consider extremely dangerous for the country's social stability. With repression, which can be carried out indiscriminately, and with the promise that Dr. Vargas will personally command the antisubversive struggle, Fredemo is not proposing anything new to us. This is just more evidence that Fredemo will continue the Popular Action government's policy on this issue and on other issues.

Nothing extraordinary is achieved if the president personally conducts the antisubversive struggle. Will you go to Ayacucho dressed in fatigues? Furthermore, as commander in chief of the Armed Forces, this would only be natural.

It is more important for the defense and interior ministers and the cabinet to assume political responsibility and for the local democratically elected authorities to assume their responsibility and to participate actively in a coordinated way with their respective central government organs.

In areas where drug trafficking has beem established, we will implement an integral development program in order to make the agricultural, livestock, and industrial activities as profitable as the coca crop, so that the farmers will abandon illegal activities as a result of the greater profitability of food crops. That is technically possible.

We will obviously continue strengthening the struggle against drug trafficking within the framework of current agreements. In this regard, we emphasize the principle of shared responsibility.

We flatly reject, however, any foreign intervention in the country. Our Armed Forces and police are enough to protect us from any danger from this criminal activity that might threaten our national security.

Thank you.

[Lombardi] Your turn on, Dr. Vargas Llosa, on national pacification.

[Vargas Llosa] I see that my opponent, Engineer Fujimori, has come with his samurai sword all set, willing to deal many two-handed blows.

Very well then, I believe that this will add some salt and pepper, which are always very necessary in a debate.

However, it is also important to present specific ideas and proposals in a debate, and not just read generalities—not to say banalities—as the ones just read by my opponent.

The problem of violence is a very serious problem in our country, and this problem must be attacked radically, with proposals that are actually new and integral.

There is terrorist violence. There is drug trafficking violence. There is the violence of corruption, which hits 22 million Peruvians and which requires a split with the existing order, with the current government, which, for some reason, so brazenly and shamelessly supports Engineer Fujimori.

Terrorist violence comes first. It is indispensable for the president of the Republic to mobilize civilian society against those very small groups that have decided to destroy the democratic order that is supported by the vast majority of Peruvians.

The president must demonstrate to civilian society that this is not a struggle between terrorists and the military and police, but that this is a struggle between small groups and a vast majority of the population who want to live in peace, abiding by the law.

For this reason the president must mobilize civilian society, outlining a clear policy for the Armed Forces and the police. It is necessary to act firmly against those who have declared war on Peruvian civilians.

The abuse of the law is not admissible in a democracy. It is necessary to act with firmness. A Democratic Front government will do so.

Society must cooperate with the military. We will support the Peasant Defense Patrols and the self-defense organizations that are courageously facing terrorism in the field. We are not going to promote parallel armies, of course. These organizations, however, will act as auxiliary forces to help the Armed Forces and police. The police, in turn, will help and advise them.

The forces fighting terrorism will be well-informed through these auxiliary forces. This is essential if the fight against subversion is to succeed. The close cooperation between these civilian and military forces will entice the military forces to act with moderation toward civilians, and human right violations will sharply decrease. Of course, the fight against subversion cannot depend on repression alone. A social and economic proposal must accompany it.

We must implement a pacification program to ease tensions in the emergency zones. Engineer Fujimori seems to forget the Cachis project engineers who were murdered by terrorists in Ayacucho. Scores of mayors and agricultural advisers have also been killed. Development is essential, but for progress, investment, work, and promotion to be possible, we need peace. We must have a program to progressively create minimum security conditions. We will create a program of itinerant brigades of doctors, nutritionists, and judges who will tour these areas to restore the role of the state, something that has been lost over the past years.

In this way peasants and inhabitants of distant villages who feel abandoned by the state will see that the state and its civilian authorities return to their posts to take over the direction of the struggle. They will see the president of the Republic with them, telling them that democracy is not false—that it is not a lie, but a way to work for social justice.

With the mobilization of a society which wants to live in peace, we will put an end to terrorism. We will reestablish peace, and attract investment, development, and tourism to those lands where poverty and unemployment is rampant.

Drug-trafficker violence must be fought on the social and economic front first. Coca-growing peasants are not drug traffickers. They are humble people, people who have been trapped by the current government's disastrous policies. These policies are the same ones that Engineer Fujimori is proposing to continue. The government has practically condemned these peasants to grow coca because it is the only profitable and efficient crop for them. They live in areas that do not have roads and where legitimate products do not have good prices. Their products are unprofitable because there is an unfair government policy that protects imported products which are purchased with MUC [single exchange market] dollars. This has forced peasants to plant coca. We have to give incentives to legal products; we have to make their work profitable. In this way peasants will reject coca and will plant other agricultural products. We will then recover our agricultural production in Peru.

Of course we will also implement a repressive policy against drug trafficking, which is a sinister, criminal, and harmful activity for a democratic state. But the essential emphasis will be placed on social and economic development.

[Lombardi] Your time is up Mr. Vargas Llosa. Engineer Fujimori will now have three minutes to answer.

[Fujimori] Thanks. I now realize that Vargas Llosa considers the structural fight against poverty and misery unimportant. This is nothing other than the continuation of Popular Action government policies, which failed in 1980, when the Shining Path violence in Ayacucho was just beginning.

What moral and political authority can a Democratic Front have if it includes those political parties—the Popular Action and the PPC [Christian Popular Party]? They did not know how to face subversion and drug trafficking when they were the government.

The shortsightedness and blindness of professional politicians have caused this evil to continue throughout the country. Therefore, it is necessary to do away with that shortsightedness to be able to see the real Peru, the Peru of the Indians.

Subversion and terrorism cannot be fought only by repressive measures. The people know that democracy can no longer be the defense of plutocracy, and that is why the Change 90 movement has around it a united people who created a great force which defeated the traditional political parties and the subversive groups.

We understand perfectly well that subversion must also be fought with the participation of the police forces and the military. But we want to give this struggle a new orientation, a development program. We want the Armed Forces and police to carry out development programs in the subversion zones. That is why we are certain that through unity and better understanding, subversion will be defeated.

[Lombardi] Vargas Llosa, you have three minutes to replay.

[Vargas Llosa] There are different types of allies. There are alliances made out in the open, like the ones I made in the Fredemo. We have allies with which we made a government program, and this is the program I am going to implement with the strength of the independents who are with me. I have my allies out in the open, without shame, but Fujimori tries to hide his allies. He denies their presence just as he denies the support of the

evangelical groups that he praised so much before the first round of elections. Fujimori's allies have a terrible responsibility for the increase of violence in Peru. Has President Alan Garcia's policy of development to fight violence reduced deaths in the last five years?

So far we have had 18,000 deaths and $15 billion in losses caused by terrorism. The ones who governed this country in the last five years are greatly responsible for this. They are the ones who are strongly defending candidate Fujimori by using state television, state radio, and the state daily. I believe there is a great difference between the fronts facing each other in this runoff election. Fredemo is a clean and open front, and the other is a hidden front which the people have rejected for very obvious reasons—for electoral and perhaps ethical reasons.

The violence of corruption is an issue about which Fujimori does not talk. He only guarantees the policy of starting from scratch. We are not going to practice the policy of starting from scratch. We believe that democracy must show to the Peruvian people that it is useful not only to call for free elections and to have freedom of the press, but also to punish those who use political power to get rich, those who traffic with power, as they have been doing outrageously for the last five years. We are not going to guarantee impunity. If there are people who committed crimes under the previous government, the investigating committees can punish them. We want those who violated the law punished. It is important that modernization and progress not only represent economic development—a statistical victory—but also an improvement in the standard of living of Peruvians, and an improvement in culture and national public ethics. This is why we have to punish the people who abuse power. This is the way to contribute to the pacification of the country.

[Lombardi] Fujimori, you have two minutes to answer.

[Fujimori] Any pacification program of a presidential candidate should be put into practice—and not by engaging in violence, slander, and a dirty war. Those practices should be condemned because they go against the idea of pacifying the country.

I have been charged with being an ally of the current government. I wonder, and I am sure the voters know very well, which congressmen belong to the Democratic Front. They are really former APRA [American Popular Revolutionary Alliance] members and currently neo-Fredemo supporters.

Violence is generated by corruption. That fact indicates the need for a moral renewal that must be practiced with deeds and in an effective manner, and not in a tepid manner, as Mr. Vargas' buddies did. Mr. Vargas, you may be certain that our pacification proposal will not overlook the Ucchuracay case, in which you had significant participation and in which the Constitution was violated by open interference in the court's actions. This is something that I am afraid is a fact and must be clarified for the well-being of the country.

[Lombardi] Your answer Vargas Llosa.

[Vargas Llosa] The Ucchuracay case has already been clarified by the judicial branch through the sentence passed by the Supreme Court of Justice that fully exonerated me and those who were part of that commission—among whom was the dean of the Journalists Association who at that time was also a high-ranking APRA member, and Abraham Figueroa—of any responsibility and of all those charges made up by those same people who are currently responsible for the slander published in the Peruvian newspapers such as EL PERUANO and LA CRONICA. These newspapers, which belong to all the Peruvian people, fill our country with hatred and violence every day. What a strange coincidence. Whose candidacy do these newspapers vehemently support, with the unfortunate use of slander and dishonesty? They do not support the Democratic Front. No, they support Alberto Fujimori. I wonder why. I wonder why. We must also do away with this type of violence generated by the yellow press. We will not be able to get rid of the problem of dishonesty and scandal or to morally discredit the people whom we fear for their power and authoritarianism by threatening the reporters as Fujimori does. For example, he threatened television channel four simply because they investigated his past.

No, we are going to do away with this problem by improving the cultural level of our people with an education system that will prompt the Peruvian people to reject that sort of ethical and cultural attitude, as modern and free countries do. This is what I plan for Peru. I want to change Peru, because it makes me sad to see such a large country, that was such a civilized and cultured country in the past, decay because of bad policies and bad politicians.

[Lombardi] Your time has ended. Mario Vargas Llosa now has six minutes to make the first remarks on the second subject of this debate, the economic program.

[Vargas] Thank you. The Peruvian economic situation is the most dramatic example of the Peruvian crisis, a crisis of tremendously generalized decay. Currently Peru is a country that has gone back 30 years into history because the Peruvians today produce per capita what they used to produce exactly three decades ago.

Peru is an extremely poor country that has become impoverished at a very rapid rate. Four out of five Peruvian citizens do not have a proper job. The decrease in Peru's income is the greatest on the entire Latin American continent. The purchasing power of wages has dropped 50 percent during the past two years, while the purchasing power of salaries has dropped 75 percent. Peru's annual inflation rate is the highest in the world. The government has exhausted its foreign reserves and has lost all access to international credit. These are the consequences of an economic policy very similar to that offered by Alberto Fujimori to pull the country of its current state.

What proposals are made by the advisers who Engineer Fujimori has recruited to draft an economic program? They are APRA economists, advisers of the bitterly remembered Gustavo Saberbein [former economy minister] or General Velasco. These are people who worked for regimes that are to a large extent responsible for our country's decay.

We have to take the country out of the crisis. The only way to do it is by employing a radical method and by attacking the root of the problem.

The program of economic reorganization that the Democratic Front has prepared with capable economists over a period of over two years will accomplish just that.

This program will end inflation, the unending price spiral, the blind taxation that hurts all Peruvians and hits the poorest the hardest. Inflation hits the workers, housewives, inhabitants of poor settlements, peasants, all those on a salary, and the most unprotected ones just the same. Inflation has to be controlled if we want to develop and grow.

There is only one way to control the situation when a country reaches the state of hyperinflation. We need a radical treatment through a drastic reduction of the fiscal deficit—which is one of the causes fueling inflation—and the deregulation of prices to free the market mechanisms.

This is how countries with hyperinflation have controlled the problem. This is how Mexico controlled hyperinflation. This is how Bolivia and Chile did it. Venezuela and Brazil are implementing similar programs.

We have seen the benefits on television. Yesterday we watched a program in which Rio de Janeiro housewives were saying that at last bus fares were not going up every day. The same thing was happening with gasoline and food. Housewives in Rio now know, when they get up in the morning, that they will be able to purchase the same items they purchased the day before with the same wages they earned the day before. This is what we must do. We must control inflation in the only way possible.

We have to drop the much used but confusing policy of neither shock nor gradualism. That is what Engineer Fujimori proposes when he suggests a consensus, a nice sounding word without any meaning.

We have not hidden from the people the fact that there is a price to pay if we want to stabilize the economy and create order from chaos. Here I want to emphatically assure you—because I reject the slanderous and deceiving campaign of the yellow press that supports Engineer Fujimori—that the price for the stabilization program is not going to be paid by poor people. The program will be paid for by those with higher incomes because our stabilization program is accompanied by an emergency tax program that places the tax burden on those who earn more. Those Peruvians who earn more will be the ones to pay the price for our stabilization.

Poor Peruvians will receive clear support through the Social Support Program. This program was designed to prevent poor people from getting poorer. This is exactly what has been happening during Alan Garcia's government. Now Engineer Fujimori proposes more of the same for the next five years.

The stabilization program will be followed by a deep reform of the financial system to create a more solid, safe, and competitive system. The program will be supported by a tariff reform to protect agricultural products. Our products today suffer unfair competition from imported agricultural products that are purchased with subsidized dollars and that are not taxed. Peasants will at last have a program that protects their agricultural production.

The taxing and tariff reforms will help our industry modernize and begin exporting to win the markets that are essential for our development.

[Lombardi] Your time is up Mr. Vargas Llosa. Engineer Fujimori will now have six minutes to talk about his economic program.

[Fujimori] First I want to say to Mr. Vargas Llosa that we do not have any APRA or Velasquist advisers. The past actually cannot be buried so easily. And I am reminding you, Dr. Mario Vargas, of an interview with the newspaper ULTIMA HORA, dated 17 January 1975, in which you said: [reading from paper] It is easy for me to be an enemy of the revolution. [pauses, then continues, as if rereading to correct a mistake] It is not true that I am an enemy of the Peruvian revolution; I feel completely identified with the reforms; I want to express my absolute solidarity with them.

You disowned your Velasquism. You were a Velasquist.

Concerning the economic issue, Change 90 has a short-term and a long-term program.

Concerning our short-term economic program, we will propose a policy designed to drastically reduce inflation while protecting real wages without recession and without creating unemployment.

Concerning our long-term economic program, we will propose a policy of growth with equity.

The hyperinflation that has occurred in the world has ended abruptly. However, because the current Peruvian inflation does not contain all the elements of hyperinflation, it is possible that the current Peruvian inflation will not be curbed abruptly. This does not mean that the Change 90 goal is to keep inflation at high levels. This is precisely the reason for our antiinflationary policy.

Our goal is to achieve low interest rates that are consistent with the international ones.

We believe that we share this goal with Fredemo. The difference lies in how this goal is to be achieved.

Change 90 will not implement an economic shock program. This method of controlling inflation has already failed many times.

It was actually the Popular Action and PPC [Popular Christian Party]—your partners—government that began to implement economic shock programs that have only served to increase inflation, reduce real wages, create recession, and increase social tension. And today, they, the Fredemo people, are introducing themselves as the experts in curbing inflation when they, the Fredemo people, actually are responsible for the beginning of this inflationary process in Peru.

The Democratic Front now wants to implement a shock [preceding word in English] policy, which is nothing else but an economic shock policy—although harder. To implement a shock [preceding word in English] policy when there is inflationary inertia is actually a method to increase inflation even more.

Therefore, Fredemo actually ignores our economic reality. It ignores the inertial component of current inflation. Change 90 seeks to put an end to this inflationary inertia. In this regard, prices must be synchronized. We will achieve this with a number of finely integrated measures, among which monetary reform is a key element.

We will create a new monetary unit that will be on a par with the U.S. dollar. This new monetary unit will be used as a reference for contracts and for the economy's basic prices.

Concerning the policy of growth with equity, we will begin with Peru's rejoining the international financial system, replacing a political discourse of useless confrontation by an approach based on dialogue. This policy will be supplemented with a strong support for foreign investment.

We do not want so much inequality in Peru. The upper 10 percent [repeats himself] of the population receives 45 percent of the national income, while the lower 10 percent of the population only receives 2.5 percent of the national income.

As a result of this tremendous inequality, our country, along with Brazil, Mexico, and the African countries, has the world's most unequal distribution of income.

The tools with which Change 90 proposes to achieve equal growth are not limited then to establishing clear and stable rules of the game that are so necessary to promote business profitability and private investment.

We are taking another step, a decisive step that represents a difference between economic growth alone and economic growth with equity. Mr. Vargas, Messrs. members of the Front, this is what respect consists of—respect for job stability by establishing salaries through agreements, respect for the acquired rights of public servants by rejecting massive dismissals, respect for free schooling, support for small businesses and microenterprises, respect by promoting farming activities among the peasants and industrialization in the rural areas.

Therefore, the core of our program consists of a drastic reduction of inflation, the full use of our resources, the guarantee for a massive creation of job opportunities, and a worthy salaries for our people.

[Lombardi] Mr. Fujimori your time is up. Vargas Llosa now has three minutes to give his reply.

[Vargas Llosa] Thank you. Fujimori's economic advisers have been advisers and employees of the APRA government. Esteban Hnyilicza was adviser of Minister Saberbein, who is not the worst economy minister this government or even the country has had, because we also had Vasques Bazan, who broke every record, and who is greatly responsible for the economic disaster Peru is experiencing. I believe that Mr. Hnyilicza is Fujimori's main economic adviser. By the way, Mr. Hnyilicza on 4 March, one month before the 8 April elections, when he was still not Fujimori's adviser, wrote a letter to Fredemo asking to be accepted as a member of our economic team. This shows that his economic team was recruited in a hurry to meet the needs of an electoral runoff. With a last-minute team, one cannot come up with a coherent, comprehensive, serious, bold, and modern program to pull the country out of its crisis.

We must get rid of inflation, and this is not feasible with the sort of proposals made by Change 90, which are not even clear. During an interview with Mr. Hnyilicza by LA SEMANA ECONOMICA, he said that they will eliminate inflation completely in one year. Another of Fujimori's economic advisers, Santiago Roca, in a statement published by LA REPUBLICA, tells us that it will be a significant achievement if they manage to reduce inflation rate to 100, 150, or 200 percent by the end of the first year. After another year of economic shock [paquetazos] measures, which have a terrible, worrisome impact on housewives and all those who live off a salary, is it a significant achievement to reach an inflation rate of 100 or 200 percent? Does going from the first to the fifth highest inflation rate in the world mean a significant achievement? What would we achieve by reaching an inflation rate of 100 or 200 percent per year? This is not a serious proposal.

Our proposal, to reduce inflation to 10 percent—that is, to the international levels—in one year, is a serious proposal. We propose to achieve this through a comprehensive and coherent plan that will protect the most needy sectors of Peru and that will not cause massive dismissals, but quite the contrary, right from the beginning will bring certain sectors of the economy automatic development. For example, the peasants, those 4 million Peruvian people who live off farming, who will have fair prices for their agricultural products and will no longer be affected by unfair competition. On the contrary, they will have a lot of encouragement to export. The entire

export sector will also benefit—a sector that is currently practically nonexistent because of the protectionist practices of this state.

[Lombardi] Your time is up Mr. Vargas Llosa. Before allowing Fujimori to speak I want to remind the reporters that they have agreed not to take photographs during the debate. If they do not honor this agreement I will have to ask them to leave the hall. Engineer Fujimori, you are entitled to a three-minute reply.

[Fujimori] We will continue to recruit capable, independent economists based on our principle of national accord, agreement, and unity. We had no need to recruit them two years ago as Mario Vargas did. Among his advisers and even among his candidates for Congress are professional people who are obviously very respectable people but who have participated in the current government and who now, in view of the current crisis and after taking advantage of the early wealthy years, are retiring and joining Fredemo.

Mario Vargas, you who are so strongly against the APRA, look through your lists and you will find you have some outstanding men among your supporters. Allow me to mention a few names like Ricardo Vega Llona, Javier Silva Ruete, Enrique Chirinos, your former spokesman—the list is long. You talk about the Brazilian model. Friends, do you know the measures implemented in Brazil to reduce inflation drastically? The measure was implemented to freeze $90 billion of the savings of Brazilians to prevent that money from circulating in the market. I ask myself, Mario Vargas Llosa, are you going to freeze the savings of Peruvians? That measure would be similar to one implemented by the current government, which at the beginning froze large sum of savings.

Now it is rather strange to see that the word shock is no longer used. I would also like to remind you about an interview you gave to your agricultural adviser, Jaime de Altaus. In the interview you said: The shock treatment is a program that is either made in an intelligent manner to come out of the crisis and recover or which is imposed by reality and becomes a permanent barbarian way of life. Mr. Vargas Llosa, the shock treatment was rejected by the great majority of the population. The overall power you wanted to be able to govern in an authoritarian manner and implement this policy of hunger and misery was not given by the Peruvian people.

[Lombardi] Vargas Llosa has two minutes to reply.

[Vargas Llosa] The shock is what we are currently experiencing. This is what the government of President Alan Garcia is leaving us, a country that went backwards for 30 years, a country where a salary is currently only one-third of what it used to be two years ago. People on a salary have to survive with half of what they used to. The country lost all its reserves and all international credibility. The country has come to the doorstep of the fourth world. This is the real shock. The other shock is a very dishonest invention created for publicity through a stratagem that reminds me of a thief who, after stealing a purse from a pedestrian, runs and calls for the detention of the thief in order to mislead the people. This is the famous shock treatment of the APRA. This is a method that Engineer Fujimori reiterates in his electoral campaign, and of course he has a link with APRA, which is not the clear, open, and clean link like the one with Senator Torres Vallejo, a very respectable man who left APRA.

Engineer Fujimori has always been in APRA but he has been hidden. He was an adviser of Conaplan [National Council for Planning]; he was also an adviser to Minister Morales Bermudez in the Agriculture Ministry. He was an adviser to this government in its ruinous agricultural policy. He was sent by this government to solve regional problems in San Martin. He was appointed by Prime Minister Sanchez as president of an ecological commission. He is the rector who invited President Alan Garcia after the government intervened in the universities. He is the one who labeled President Garcia the most pleasing president in the history of Peru. He is a candidate strongly defended by APRA on television.

[Lombardi] Engineer Fujimori has three minutes to replay .

[Fujimori] I can see that Mario Vargas Llosa has no other argument than to criticize me for being an alleged APRA member. It seems that economic issues are not his specialty. When economic issues are discussed, the discussions should be made with economic arguments. We are going to attack inflation without the shock, the shock you all experienced in the first round of elections. But it is necessary to make some explanations. Yes, it is true that I was president of a commission for the ecology of Lima. I worked in EL COMERCIO for the program "Lima, I Want You Green." Who in Peru would not contribute to see his city, his country, cleaner or nicer? This was a technical commission.

On the issue of the president's visit to the Agrarian University I want to say, once and for all, that the occasion was a meeting of agricultural experts. You can see in your campaign spots that Engineer Juan Carlos Furtado Miller is also present. He can testify that it was a meeting of agricultural experts.

You say that the economic shock was invented by the press. Here I will show you the interview conducted by Jaime de Altaus in August 1989. In this interview you say: I have never said we are going to dismiss 500,000 employees. But then you add: Maybe less, but also maybe more, depending on technical considerations. This is the truth. You cannot now camouflage your shock program.

[Lombardi] Now we will have a brief interruption of two minutes. Then we will return to hear Engineer Fujimori on agricultural development. [passage omitted]

We have now reached the final subject of this important debate between the two candidates for the Presidency of Republic: the role of the state. It is Fredemo candidate Mario Vargas Llosa's turn to speak first.

[Vargas Llosa] Dear fellow countrymen, I cannot conceal the fact that this subject, probably out of all the issues raised this evening, is the one I deem most important because it is the one for which Fredemo has the boldest, most modern proposal, a proposal that may quickly promote social development and justice in Peru.

The state in Peru does not fulfill the roles it should, such as providing safety, essential services, and a system by which the Peruvians may take advantage of the great resources God has given our country and our people. We have a large state, a state that does many things that modern states should not do because independent and private citizens can do them much better. Because it does so much, it fails to fulfill its real duties such as guaranteeing safety, good education, and health for the Peruvian people, and guaranteeing that discrimination or privileged sectors do not exist but rather a system in which everyone has the same right to job opportunities and a system with a judicial branch to defend the peoples' rights when they are violated or trampled on. This is what we must achieve, and for this we need to reorganize the state. We must moralize it and get rid of corruption and dishonesty that have created a lack of legitimacy in the Peruvian authorities and institutions. We must, above all, turn it into an efficient state that may truly serve the Peruvian people and not, as is the case now, a state that uses the people to favor only a few minority groups in the country.

We must moralize the state and eliminate bureaucracy through a rationalization program that will allow better use of all our employees, giving them truly productive and effective jobs to do. Above all, we must turn the Peruvian state into an efficient state by privatizing the public sectors. We must privatize those public enterprises that make up one of the sources of the national economic crisis. In 1988, the last year for which we have statistics, the public enterprises lost $2.5 billion, which is more or less what Peru obtained on exports. A total of $2.5 billion was spent—lost, instead of being invested in schools, highways, hospitals, or a productive infrastructure. This money was spent to maintain inefficient enterprises; $2.5 billion was thrown into the sea, burnt in a fire. These enterprises must not be administered by the state.

This is a motivating force of modern times. These enterprises must be transferred to the private sector. This is the great proposal Fremedo has: to privatize the public sector to turn these enterprise into efficient, modern enterprises truly capable of rendering the services they are expected to render and, above all, to massively increase the number of owners and businessmen in Peru through this privatization. This is Fredemo's proposal; we are going to privatize the public sectors. We are going to do so by giving the workers of those public enterprises, the employees of those public enterprises, the workers in general, the owners of saving accounts, the Peruvians who belong to the poor sectors and who own nothing, who do not own any shares—we are going to give them all a chance to become property owners and businessmen by offering shares on the market.

This is our great peaceful revolution intended to modernize the country with true social justice. We have a very ambitious privatization program, a very honest and open program.

This program will give preference to workers and employees. Before they are privatized, enterprises will be reorganized. No one will be dismissed in this stage. This is one of the conditions we imposed on our privatization commission. The commission presented us a formula by which we do not have to dismiss anyone.

The privatization of these enterprises will do a lot to cut down the fiscal deficit—$2.5 billion a year—and will entice the investment of fresh money into the economy. Our privatization commission, which is presided over by Senator Silva Ruete, believes that the program will produce $2.4 billion for the state treasury in the first stage alone. This money will allow us to invest in infrastructure, education, health, and road construction, which are essential to modernize the country.

The commission calculated that 40,000 new jobs will be created during the first stage of the privatization program. These jobs will be created thanks to the fresh money that will be invested in these enterprises. They will therefore become large private enterprises, capable of competing in the free market because we will abolish all monopolies. This is another important aspect of our privatization program. All monopolies will disappear. We will propose an antitrust law to force these enterprises to become efficient and compete. Our market, which thanks to competition and freedom will become a dynamic and healthy market, will be comprised of enterprises capable of competing in world markets.

This will be how the Democratic Front will reinsert Peru into the world economy.

[Lombardi] Your time is up Mr. Vargas Llosa. Now candidate Fujimori will have six minutes to speak about the role or the state.

[Fujimori] Fellow countrymen, you are repeatedly hearing that the Democratic Front does not have a shock program. Then I say that their program is gradualist, or continuist, and this is cause for concern. Maybe it is a shock program followed by gradualism.

We want to build a new country with the help of all Peruvians. The essential elements of this program are freedom and social justice. This new country will be built with the support of regional governments, because they are already a reality. The unified and democratic state will be the result of the joint efforts of these regions.

Instead of a country made up only of property owners—you know that not all people can be property owners—we want a country of producers and jobs for every one. This is what is important: the creation of jobs. The poorest sectors of society, in an effort to survive, have already began their own program with creativity and

technology. I am talking about the informal sector. The state must stimulate and direct their efforts.

Change 90 has the middle-sized and small enterpreneur and the popular organizations as the leading components in its programs. We have already incorporated them as representatives in our list of legislators. This does not mean we will withdraw our support from other areas of the private sector and strategic public enterprises.

Our Constitution defines the Peruvian economy as a social market economy. This is why the state must guide, correct, and complement the economy. We are aware that state intervention has been disorderly and chaotic. This has given way to a very complex incentive system. Do you think the state has given incentives to the poorest sectors? No. The state has essentialy given incentives to the various power centers which are regretfully behind you Mr. Vargas Llosa.

The state must modify its essentially controlling role. We are against a controlling role for the state. Rather, it must be an agent that promotes socioeconomic development through an agreed, democratic, and decentralizing plan, generating the necessary conditions for the private sector's performance. As a consequence, a reorganization of the state that may rationalize its function and make its administration more efficient is necessary.

Dear friends of the provinces, we promise to carry out the regionalization process. We agree with the regionalization process, not as a mere setting of territorial boundaries, but rather as a development process creating development zones and making important investments in the respective regions by promoting the economic participation of the regional agents as a whole, and, above all, promoting agricultural development, as well as those of small peasant and native communities and of small and medium-sized industries.

The state in the regions should be an efficient promoter, free of red tape, so that it may reach the most distant rural regions.

Regarding the state enterprises, I want to clearly state that we will maintain control over the main public enterprises in those areas where social interests require it. We are not going to privatize Petroperu [State Petroleum Agency], Entelperu [National Telecommunications Enterprise of Peru], Electroperu [Peruvian State Electric Power Enterprise], nor the ports, customs, or post offices. They will continue to belong to the state, and if Mario Vargas proposes that those enterprises be owned by their workers, I would ask him, in the first place, to start that policy by setting an example so the workers of those enterprises sold to whoever financed his electoral campaign may also become shareholders.

Why not start with those public enterprises? If it is feasible, why do you not do that with those enterprises?

Lastly, I want to point out, my friends, that the only enterprise that would be auctioned—and take note of the fact that the prospective buyer and the auctioneer would be the same person—would probably by the Continental Bank. But do you think that those enterprises in red would be bought by Fredemo member. No sir, they would not.

[Lombardi] Your time has ended Mr. Fujimori. Mr. Vargas Llosa now has three minutes to give his reply. [passage omitted]